

FINAL BILL REPORT

ESHB 1769

C 12 L 95 E2
Synopsis as Enacted

Brief Description: Lowering business and occupation tax for insurance business.

Sponsors: Representatives Mielke, Morris, Campbell, Appelwick, Benton, Kremen, Fuhrman, Mulliken, G. Fisher, Basich, Brumsickle, Van Luven, Skinner, Grant, Boldt, Hymes, Carrell, Chandler, Beeksmma, L. Thomas, Foreman, McMahan, Schoesler, Blanton and Thompson.

House Committee on Finance

Background: Washington's major business tax is the business and occupation (B&O) tax. Although there are several different rates, the principal rates are:

Manufacturing, wholesaling, & extracting	0.506%
Retailing	0.471%
Services:	
- Business Services	2.5%
- Financial Services	1.7%
- Other Activities	2.09%

For certain activities, special B&O rates apply. Insurance agents, brokers, and solicitors have a permanent rate of 1.1 percent. In 1993, a surtax of 6.5 percent was imposed on all B&O tax classifications except selected business services, financial services, retailing, and public and nonprofit hospitals. The surtax was lowered to 4.5 percent on January 1, 1995. The surtax expires July 1, 1997. The surtax is calculated by multiplying each permanent rate to which it applies by 1.045. For example, the 1.1 percent rate for insurance agents becomes 1.15 percent during the time the 4.5 percent surtax is in effect.

Summary: The B&O tax rate for insurance agents, brokers, and solicitors is reduced from 1.1 percent to 0.57 percent. This rate is made up of a permanent rate of 0.55 percent plus the 4.5 percent surtax which expires July 1, 1997.

Votes on Final Passage:

House 91 7

First Special Session

House 88 9

Second Special Session

House 84 9

Senate 44 2

Effective: July 1, 1995