

## Impose 25% or 10% surtax on B&O tax rates, excluding those with a 0.3% surcharge

**Description** This proposal adds an additional rate of tax (surtax) to all B&O tax classifications except business activity that is temporarily subject to the additional B&O tax of 0.3% resulting from 2010 legislation.

This proposal provides for surtaxes with rates equal to either:

- **Option 34** - 25% of the existing B&O tax rates, or
- **Option 36** - 10% of the existing B&O tax rates.

**Current Law** For the privilege of engaging in business, a B&O tax is imposed on the gross receipts of businesses operating in Washington.

Currently, 12 different B&O tax rates apply to various classifications of business activity.

**Revenue Impact**

General Fund Impacts (\$ millions):

Option	Surtax	Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
34	25%	\$0	\$434.5	\$434.5
36	10%	\$0	\$173.8	\$173.8

*Notes:*

- *Surcharge included on Service and Gambling >50k beginning in FY 2014, after current surcharge expires.*
- *Estimates assume a July 1, 2011, effective date, representing 11 months of collections for FY 2013.*
- *Estimates reflect the September 2011 Economic & Revenue Forecast Council revenue forecast.*

**Expenditure Impact**

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$264,200	\$537,700	\$801,900