

Repeal all preferential B&O tax rates, excluding aerospace, retailing, and radioactive waste clean-up

Description This proposal would repeal the preferential B&O tax rates that currently apply to a variety of manufacturing/ processing activities, and certain services, with the exception of those that apply to the aerospace industry (0.2904%), and radioactive waste clean-up and retailing (0.471).

- The rate for manufacturing/processing activities would revert to 0.484%, which is the rate for wholesale sales and general manufacturing.
- The rate for the service activities would revert to general rate for services and other activities, (1.8% until July 1, 2013, then reverting to 1.5%).

Current Law Current law provides a wide variety of preferential B&O tax rates. These rates include:

- 0.138% for manufacturers of flour, oil, certain alternative fuels, processors of dried peas and perishable meat products, and wholesalers of prescription drugs;
- 0.275% for travel agents, charter and freight brokers, stevedoring, adult boarding homes, and manufacturers of semiconductor materials;
- 0.2904% for manufacturers of timber and wood products and solar energy systems, smelting aluminum, and publishing newspapers; and
- 0.484% for insurance agents, child care, royalty income, treatment of chemical dependency, and services for salmon canners.

Revenue Impact

General Fund Impacts (\$ millions):

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$0	\$137.1	\$137.1

Notes:

- *This proposal does not include the current B&O tax exemption for processing fresh fruits and vegetables and manufacturing seafood and dairy products, which expires and reverts to a preferential rate of 0.138% effective July 1, 2012.*
- *Estimates assume a July 1, 2012 effective date, representing 11 months of collections for FY 2013.*
- *Estimates reflect the September 2011 Economic & Revenue Forecast Council revenue forecast.*

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**Expenditure
Impact**

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
TBD	TBD	TBD
