

## SESSION ENTERS FINAL WEEK

As the Legislature enters its final week, budget negotiators are busy trying to close the gaps between House and Senate spending plans. While there is plenty to accomplish in terms of budget agreement, generally, people are optimistic about the prospects of an on time finish on March 11th.

Floor action dominated observable legislative activity last week, as each house hurried to consider the bills of the other. Friday's deadline for bills to be passed by the second house took a bizarre twist, as a floor battle over an anti-discrimination bill shut the Senate down two hours before the 5:00 pm deadline.

Two majority Republicans joined with all Senate Democrats but one to pull HB 1809, outlawing discrimination against gays and lesbians in housing and other considerations, from the Senate committee where it had previously died. Once the bill was moved from committee, Senate Republicans, fearing loss of control of the floor, moved to adjourn. One of their two defecting members rejoined the Republican caucus to approve the motion to adjourn.

The House quickly followed suit, leaving dozens of bills to die on the floor calendars in each house.

As the Legislature reassembles in Olympia today, there is speculation that Senate Republicans and House Democrats will negotiate a list of bills that will remain alive under an extended cutoff resolution.

## BILL TRACKING SUMMARY

### HIGH PRIORITY BILLS

	<u>Sponsor</u>	<u>Position</u>	<u>Status</u>
<a href="#">E S2488</a> Requiring electronic product management. The Senate amendment to HB 2488 removes the intent section and the definition section. The Senate amendment defines the term "covered electronic product" to only include computer monitors, personal computers, and televisions sold to consumers for personal use, and exempts certain electronic products in automobiles. The Senate amendment adds specific reporting requirements to examine the need for electronic waste management for charities, school districts, government agencies, and small businesses. The Senate amendment also adds direction to the Department of Ecology to give special consideration to costs incurred by charitable organizations receiving unwanted electronic products. The Senate amendment changes the expiration date from June 30, 2005 to December 31, 2005, and adds a second report date on December 15, 2005.	Cooper	Support	S, Passed 3rd
<a href="#">E S2546</a> Modifying high technology and research and development tax incentive provisions. The business and occupation tax credit for research and development spending is extended from December 31, 2004 to January 1, 2015. The R&D credit is calculated on the amount of R&D expenditures in excess of 0.92 percent of taxable income. For taxpayers other than nonprofit institutions, the credit is computed using the taxpayer's average tax rate rather than 1.5 percent. The affidavit that previously was filed with each tax return is changed to an annual report that is filed in the year following use of the credit.  The sales and use tax exemption for new, expanded, or diversified operations in R&D or pilot scale manufacturing is extended from July 1, 2004 to January 1, 2015. State universities (UW and WSU) may take the exemption. An exemption from sales and use tax is provided for federal contractors on materials purchased for an investment project that would be eligible for the deferral program if undertaken by a private entity.  Participants in both programs are required to complete an annual survey and provide information on the amount of B&O tax credit or sales tax exemption; number of new products, trademarks, patents, and copyrights; number of jobs and the percent of full-time, part-time and temporary jobs; wages by salary band; and number of jobs with employer provided health and retirement benefits. The Department of Revenue may request additional information necessary to measure the results of the programs. Information reported in the survey is confidential except the amount of B&O credit and the amount of sales tax	McIntire	Support	Gov signed+

exemption taken is not confidential. Businesses taking less than \$10,000 in B&O credit may request the credit amount be treated as confidential.

The survey is due by March 31. B&O tax credit participants may not take credits in any year they fail to complete the survey. Sales and use tax exemption participants must pay 12.5 percent of the tax exempted for each year they fail to complete the survey.

Each year by September 1, the Department of Revenue will prepare summary descriptive statistics by category from the information provided by the survey. No fewer than three taxpayers will be included in any category.

The Department of Revenue is required to study the B&O tax credit program and the sales and use tax exemption program and report back to the Legislature by December 1, 2009 and December 1, 2013.

Amounts received by businesses from the federal small business programs for innovation research and technology transfers are exempt from B&O tax.

<a href="#">E S6239</a>	Modifying high technology and research and development tax incentive provisions. Attempts to amend the recently passed R&D tax incentive measure, to protect company-specific tax benefit information, have apparently failed for the session.	Zarelli	Monitor	H, Finance
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**MEDIUM PRIORITY BILLS**

<a href="#">2S2339</a>	Providing tax relief for aluminum smelters.	Morris	Monitor	S, Ways & Means
<a href="#">S2500</a>	Conforming Washington's tax structure to portions of the streamlined sales and use tax agreement not implemented by chapter 168, Laws of 2003. Revised for 1st Substitute: Conforming Washington's tax structure to the streamlined sales and use tax agreement.	McIntire	Support	H, Rules C+
<a href="#">2501</a>	Correcting errors in and omissions from chapter 168, Laws of 2003, which implemented portions of the streamlined sales and use tax agreement.	Hunter	Support	S, Rules 2 G
<a href="#">S2741</a>	Managing digital public records.	Miloscia	Monitor	H, Rules R
<a href="#">E S2816</a>	Regulating medical malpractice liability insurance policies.	Schual-Berke	Monitor	S, 2nd Reading
<a href="#">E2839</a>	Creating a task force to study alternatives for resolving disputes related to injuries resulting from health care.	Schual-Berke	Monitor	S, Rules 2
<a href="#">S3158</a>	Exempting from sales and use tax computer equipment used primarily in printing or publishing. Revised for 1st Substitute: Exempting computer equipment used primarily in printing or publishing from sales and use tax.	McIntire		Del to Gov
<a href="#">S4416</a>	Commending the higher education coordinating board for its work in preparing the 2004 Interim Strategic Master Plan for Higher Education.	Kenney	Monitor	S, 2nd Reading
<a href="#">S6240</a>	Providing tax incentives in rural counties. Revised for 1st Substitute: Modifying tax incentive provisions for rural counties.	T. Sheldon	Monitor	H, Rules R
<a href="#">6259</a>	Extending the restriction on local government taxation of internet services.	Schmidt	Monitor	S, Pres signed
<a href="#">S6424</a>	Clarifying the taxation of staffing services.	Hewitt	Monitor	S, Passed 3rd
<a href="#">S6515</a>	Correcting errors in and omissions from chapter 168, Laws of 2003, which implemented portions of the streamlined sales and use tax agreement.	Zarelli	Monitor	S, 2nd Reading
<a href="#">S6544</a>	Conforming Washington's tax structure to portions of the streamlined sales and use tax agreement not implemented by chapter 168, Laws of 2003.	Winsley	Monitor	S, Rules 2+
<a href="#">6602</a>	Changing provisions regarding products liability actions.	Brandland	Monitor	S, Rules 2+

<a href="#">S8421</a>	Commending the higher education coordinating board for its work in preparing the 2004 Interim Strategic Master Plan for Higher Education.	Carlson	Monitor	S, Ways & Means
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