

**Chair Carlyle Updated Revenue & Education Investment Proposal for
2013-15 Biennium – ESHB 2038 as Passed House**

Close and Narrow Tax Exemptions and Special Rates:	2013-15 Estimated Impact (\$ in millions)
Repeal preferential B&O rate: Travel agents & tour operators. <i>Created to help agents compete with airlines in 1975, when flight bookings generated 75% of agents' revenue (no longer true); no other state provides this.</i>	\$14.6
Repeal preferential B&O rate: Resellers of prescription drugs. <i>Designed to encourage in-state operations, but out-of-state operators can get this, so purpose undermined.</i>	\$29.0
Narrow: B&O and sales tax exemptions for import commerce. <i>Based on now-outdated court finding; favors foreign producers and importers over in-state producers and their distributors.</i>	\$24.1
Repeal exemption: Sales tax on bottled water. <i>2003 exemption to comply with nationwide Streamlined Sales Tax deal, since changed to allow tax.</i>	\$51.5
Repeal exemption: Sales tax for non-residents. <i>Favors non-residents over residents; auto sales would remain exempt; no other state provides such a broad exemption.</i>	\$63.7
Repeal exemption: Public utility tax on interstate transport, in-state portion. <i>Favors out-of-state products over in-state; original legal basis since overturned; 45 other states tax this.</i>	\$63.2
Repeal exemption: Extracted fuel. <i>1949 exemption for timber/wood industries; oil refineries (in state since 1950s) now exploit this; now only in WA, AL.</i>	\$40.8
Narrow: High-tech R&D B&O tax credit. <i>JLARC says costs more than gain from job creation, and no link to R&D effort.</i>	\$23.2
Repeal exemption: High-tech R&D sales & use tax exemption. <i>JLARC says costs more than gain from job creation, and no link to R&D effort.</i>	\$55.5
Maintain Current Revenues:	2013-15 Estimated Impact (\$ in millions)
Extend 0.3% B&O surcharge. <i>Tax on doctors, lawyers, architects and others increased in 2010; prime support for schools.</i>	\$534.0
TOTAL	\$899.6

All estimates assume a July 1, 2013 effective date with 11 months of collections for FY 2014