Replacing the Business and Occupation Tax with a Single Business Tax

by
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Replacing the Business and Occupation Tax with a Single Business Tax

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Introduction

A tax is defined as “a sum of money to be paid by people or business firms to a government, to be used for public purposes.”¹ Taxes pay for important public services such as schools, roads, social work and much more. Beyond the revenue raised for government, taxes influence the daily decisions of individuals and businesses and they impose a substantial financial burden on citizens. The cost of taxes particularly affects small business owners, who do not have the resources large corporations have to manage the complexity of national, state and local tax regulations.

Policymakers often impose higher taxes on business owners because they think businesses somehow are not paying “their fair share.” In reality, however, businesses do not pay taxes at all. People pay taxes. The taxes elected officials impose on any business in a competitive marketplace are usually simply passed on to customers. In most cases, the more taxes officials make a business pay, the more they make people pay.

The way in which government officials impose a tax is as important as the amount collected. As nineteenth-century economist Henry George described it:

“The mode of taxation is, in fact, quite as important as the amount. As a small burden badly placed may distress a horse that could carry with ease a much larger one properly adjusted, so a people may be impoverished and their power of producing wealth destroyed by taxation, which, if levied in any other way, could be borne with ease.”

This study examines one of the most burdensome and unpopular taxes elected officials impose on the people of Washington, the Business and Occupation tax (B&O). This study describes the history and present administration of the B&O tax, and proposes a revenue-neutral alternative that would simplify the financial burden state lawmakers place on businesses and their customers.

History of Washington’s B&O Tax

Washington's Department of Revenue defines the B&O tax as a tax on “gross receipts of all business operating in Washington, for the privilege of engaging in business. The term gross receipts means gross income, gross sales, or the value of products, whichever is applicable.”²

Today’s B&O tax stems from the Business Activities Tax enacted in 1933, which was the state’s first gross receipts tax on businesses. Lawmakers imposed the tax as a temporary, emergency measure to raise revenue for the government during the Great Depression. After an unsuccessful court challenge, the Supreme Court upheld the tax later that year.

In 1935, the legislature amended the Business Activities Tax to create the current B&O tax. At first, the tax comprised two simple rates levied annually on gross receipts: 0.5 percent on services, and 0.25 percent on all other businesses. By the mid-1990s, the legislature had enacted 13 different B&O rates levied on a wide variety of industries. In the late 1990s the legislature partially streamlined the system, reducing the number of tax rates to ten.

As a levy on gross receipts, the B&O tax does not allow business owners to deduct the cost of doing business, such as payments for materials, rents, equipment or wages, when calculating the amount of tax they must pay. However, over the years the legislature has passed numerous special deductions, credits and exemptions as a benefit to some industries. At the same time, lawmakers have increased B&O tax rates over time, so that revenue going to the state treasury would not decline as some industries received favored treatment.

The first major B&O tax break was the manufacturers tax credit – passed in 1965 to encourage economic development. Soon after, lawmakers passed a B&O tax credit to encourage businesses that upgrade their facilities to reduce pollution. In the succeeding years, the legislature added dozens more such tax breaks. As of 2008, the Department of Revenue lists 161 special B&O tax exemptions.

Until 1994, the B&O tax had an exemption threshold of $12,000 a year. Any firm with annual gross receipts below this amount paid no B&O tax. In 1994, the legislature adopted a small business tax credit, reducing the amount of tax paid by companies with fewer than 20 employees and less than $3 million in gross annual revenue. In 1996, the legislature raised the B&O exemption threshold to $28,000 in annual gross receipts.

**Tax Revenue**

The B&O tax is the second largest source of tax revenue for the state, after the retail sales tax. In fiscal 2008, the state collected just over $2.9 billion in B&O taxes from businesses, representing over 18 percent of all taxes collected for the state general fund. In comparison, the state collected $8.3 billion in retail sales taxes over the same period.

**The Problem of Pyramiding**

One of the problems with the B&O tax is the extra layer of taxation it applies to all products and services at each stage of production – an effect called “pyramiding.” Pyramiding means the tax is structured so that it is applied more than once to the same product or service, resulting in additional money going to the state and a heavier financial burden on business owners and their customers.

The pyramiding effect of the B&O tax is intentional and dates back to the implementation of the system in the 1930s. Lawmakers’ intent was to keep the rate low but to broaden its application by taxing the same products and services several times, compared to the structure of a retail sales tax which can only pyramid to a much more limited, and less severe, degree.

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Naturally, taxing the same products and services more than once was unpopular and was viewed as unfair. However, the Department of Revenue described the early days of the B&O tax as a “temporary, emergency revenue measure during the Depression.”

The following example illustrates how pyramiding works.

A logging company sells its cut trees to a mill and pays the state a B&O tax of 0.484% on the gross sale price to the mill

The mill owner sells the finished lumber to a distributor and pays the state a B&O tax of 0.484% on the full gross sale price to the distributor, unreduced by the price the mill owner paid to the logging company

The distributor sells the lumber to a contractor and pays the state a B&O tax of 0.484% on the full gross sale price to the contractor, unreduced by the price the distributor paid to the mill, or the price mill owner paid to the logging company

Finally, a contractor uses the finished lumber to build a house, and pays the state a B&O tax of 0.471% on the price the house is sold to the end consumer, unreduced by the price the contractor paid to the distributor, or the price the distributor paid to the mill owner, or the price the mill owner paid to the logging company for the original cut tree

At each stage, the accumulated cost of the B&O tax is included in the price the item is sold at the next stage, until the final product, in this case a finished house, reaches the end consumer. The state imposed the B&O tax four times on the same product, at successively higher prices levels, until the full cumulative cost of the tax was pyramided down to the end consumer. The sale price of the home was inflated by the four applications of the B&O tax, yet the tax remains invisible to the homebuyer.

The effect of the pyramiding in different industries means some businesses are forced to pay the B&O tax a disproportionate number of times. Through the years the legislature and the Department of Revenue have created numerous exemptions, deductions and credits to mitigate the negative impact that some industries face because of high rates of pyramiding.

**Basing Change on Sound Principles of Taxation**

There is wide consensus in Washington that the B&O tax is badly in need of thorough reform. There is equally wide disagreement, however, over exactly what should replace the current tax structure.

Proposed reformed tax systems are often based on the goal of securing a specific amount of money for the legislature to spend, generally stated as, “in order to raise $X amount of tax dollars the legislature needs to enact this particular proposal.” However, a just and efficient tax system should be based upon fundamental principles that emphasize the protection of taxpayers and the efficiency of government services.

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The proper function of taxation is to raise money for core functions of government, not to direct the behavior of citizens or close budget gaps created by overspending. This is true regardless of whether government’s budget is big or small, and this is true for lawmakers at all levels of government.

Taxation always imposes some damage on an economy. However, that harm can be minimized if policymakers resist the temptation to use the tax code for behavioral modification or to promote certain industries over others.

In replacing the B&O tax, it makes sense to start at the beginning – to focus on sound building blocks on which to base recommendations for improvement. The fundamental principles described below provide guidance for creating a fair and effective business tax system; one that raises needed revenue for core functions of government, while minimizing the financial and regulatory burden on citizens.

Replacement of the B&O tax should incorporate these principles:

- **Simplicity** – The tax code should be easy for the average citizen to understand, and it should minimize the cost of complying with the tax laws. Tax complexity adds cost to the taxpayer, but does not increase public revenue. For government officials, the tax system should be easy to enforce, and should help promote efficient, low-cost administration.

- **Accountability** – Public officials who manage tax systems should be accountable to citizens. Taxes and tax policy should be visible and not hidden from taxpayers. Changes in tax policy should be highly publicized and open to public debate.

- **Economic Neutrality** – The purpose of the tax system is to raise needed revenue for core functions of government, not to control the lives of citizens. The tax system should exert minimal influence on the spending and business decisions of individuals and businesses.

- **Equity and Fairness** – Fairness means all taxpayers should be treated the same. Legislators should not use the tax system to pick winners and losers in society, or unfairly shift the tax burden onto one class of citizens. The tax system should not be used to punish success or to “soak the rich.”

- **Complementary** – The tax code should help maintain a healthy relationship between the state and local governments. The state should always be mindful of how its tax decisions affect local governments so they are not working against each other – with the taxpayer caught in the middle.

- **Competitiveness** – A low tax burden can be a tool for a state’s economic development by retaining and attracting productive businesses. A high-quality revenue system is responsive to competition from other states. Such competition should not take the form of special credits or other narrow incentives, as these are simply patches on an otherwise uncompetitive tax climate. Rather, effective competitiveness is best achieved through broad-based and economically neutral tax policies.

- **Reliability** – A high-quality tax system should be stable, providing certainty in taxation and in revenue flows. It should provide certainty of financial planning for individuals and businesses.
Benefits of a Low Tax Burden

Since taxes lower the economic welfare of citizens, policymakers should try to minimize the economic and social problems that taxation imposes. Citizens and businesses therefore gain the benefits of a low tax burden. These benefits are summarized as:

**Increased economic growth** – A tax system that allows citizens to keep more of what they earn spurs increased work, saving and investment. A low state tax burden would mean a competitive advantage over states with high-rate, overly progressive tax systems.

**Greater wealth creation** – Low taxes significantly boost the value of all income-producing assets and help citizens maximize their fullest economic potential, thereby broadening the tax base.

**End micromanagement and political favoritism** – A complex, high-rate tax system favors interests that are able to exert influence in the state capitol, and who can negotiate narrow exemptions and tax benefits. “A fair field and no favors,” is a good motto for a strong tax system.

Immediate Improvement – Simplify the Current B&O Tax

Intelligent replacement of the B&O tax will take time. Meanwhile, lawmakers can take a significant step toward reducing the burden the present tax imposes on business owners. Policymakers should streamline the cost complying with the B&O tax by centralizing its administration.

Currently 38 Washington cities impose their own version of a B&O tax, and unlike local sales and use taxes which are collected by the Department of Revenue, all the administrative functions of municipal B&O taxes are conducted by individual cities. Shifting administration of the tax to the Department of Revenue, as is already done with local sales taxes, would reduce the cost and complexity of municipal B&O taxes and would greatly help businesses. This move would particularly help small business owners, who are disproportionately hit by regulatory compliance costs.

Centralization of B&O municipal tax administration would ensure uniformity of tax compliance for firms that operate in several different jurisdictions. Business owners should not be taxed at a rate that exceeds 100 percent of their gross receipts liability. This problem is addressed by ensuring that municipal taxation of gross receipts occurs only where there is a business-related activity.

A requirement of significant physical presence in the jurisdiction should be a prerequisite to taxation by that city. In other words, there must be an economic connection between actual business activity and the amount of tax owed. Simply estimating the level of business activity, as some cities do, should not be the basis on which municipal officials impose a local tax on a business.

The Disadvantages of a State Income Tax

In early 2009, Washington Governor Christine Gregoire asked the business community to suggest ways to replace the B&O tax with a fairer, more effective tax. In their effort to escape over-taxation, some say that state leaders should enact a personal or corporate income tax rather than continue with the B&O tax. Washington is only one of nine states that does not impose a state income tax.
Economic analysis, however, shows that substituting a state income tax for the B&O tax would not be an improvement, and would create new burdens for individuals and businesses that would more than offset any hoped-for benefits. Previous studies by Washington Policy Center have shown that a state income tax, both personal and corporate, would slow personal income growth and continue to increase state government spending. A corporate income tax would have negative effects on Washington’s competitiveness, as neighboring states currently have income taxes in place.  

Examination of Four Tax Reform Alternatives

Over the years policymakers have debated many alternatives to the B&O tax. Washington Policy Center analysts summarized the four main business tax alternatives and submitted them for economic modeling by professional economists. The four alternatives were: 1) increase the sales tax; 2) enact a corporate income tax; 3) enact a flat B&O tax, and; 4) replace the B&O tax with a gross receipts margins tax.

Each tax alternative was examined by economists at the Beacon Hill Institute at Suffolk University in Boston using the State Tax Analysis Modeling Program (STAMP) revenue analysis model. The key findings of their analysis are summarized below.

1. Increase the Sales Tax

One alternative would be to replace the B&O tax with a higher state sales tax rate. The advantages of this approach are that it would build on the existing sales tax structure and would eliminate the taxation of production inside the state by shifting the financial burden of government to consumer consumption. One result would be favorable tax treatment of savings and investment, which contribute to future economic growth, while taxing present consumption.

To maintain consistent revenue to the state, the current sales tax rate of 6.5% would have to be raised to 9.0%. This means combined with local sales taxes, some sales tax rates would be in excess of 10%. Economic modeling revealed, however, that the higher tax rate resulted in a $371.75 million loss of potential revenue to the state, as the high sales tax drove consumers to online and out-of-state purchases.

The modeling also showed that the drop in tax revenue would free up investment in the private sector and lead to the hiring of almost 700 more workers, while the public sector would reduce employment by 1,539, for a net loss in the state of 840 jobs. The job losses would reduce real disposable income by $162 million annually, or a yearly per capita loss of $18.35.

However, the removal of the B&O tax on the production of goods and services would increase the annual investment in Washington by $41 million, as companies, especially importers, took advantage of lower production costs.

2. Enact a Corporate Income Tax

The second alternative would be to replace the B&O tax with a traditional corporate income tax. One of the greatest drawbacks of Washington’s B&O tax is that it taxes businesses that lose money. A business could be going bankrupt and

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still owe taxes to the state. A corporate income tax would eliminate this problem by applying the tax only to business profits, not total revenue. The primary advantage to this approach is the tax burden for each business is adjusted based on ability to pay, and a business that had no profit would pay no tax.

The main drawbacks of a corporate income tax, however, are that in order to maintain revenue to the state the corporate tax rate would have to be much higher than the current B&O tax rates, and it would be applied to a much narrower tax base. The economic model showed that a corporate income tax set at a level designed to replace current B&O tax revenue would result in a loss of almost $300 million a year to the state, due to economic activity lost as a result of the new tax.

Modeling also showed an income tax would cause Washington's economy to shed both private and public sector jobs. The private sector job loss would be 4,552 jobs, as corporations scale back investments in new production. Public sector employment would fall by 4,292 jobs, as the overall loss in tax revenue caused city, county and state government to lay off workers. The lower levels of employment combined with a higher tax on capital income would reduce state real disposable income each year by $855 million and per capita disposable income by $71.21.

Another ill effect is that corporate investments would drop by an estimated $1.74 billion. This large investment loss would be the direct result of taxing corporate income, which comprises a far narrower tax base than total gross sales, and thus would need a much higher rate than the B&O tax. The higher rate reduces after-tax income, which is used by companies to pay for future investments.

3. Enact a Single, Flat B&O Tax Rate

Lawmakers currently impose ten different B&O tax rates on business owners in Washington. However, tax rates are not based on business classifications but on business activity, and some activities are exempt from the tax altogether. These complicated characteristics of the B&O tax makes it difficult for businesses owners to calculate how much tax they owe. The B&O tax system also favors some business activities at the expense of others, thus skewing the economic and planning decisions of business leaders.

One way to solve this problem would be for lawmakers to eliminate the many B&O tax rates and institute a single, flat tax rate applied equally to all business activities. This change would make the tax simple to administer, would restore fairness and would avoid the economic distortions created by the current tax. In considering new investments or expansions, business leaders would easily know exactly what new tax burden they would incur, making it possible to determine accurately whether planned company growth makes economic sense.

To maintain revenue to the state, a flat B&O tax rate would have to be 0.7927%, which would result in a minimal B&O revenue loss of less than $175,000 a year. At the same time, local governments would see a similar minimal revenue loss compared to the current system.

Private sector jobs would be reduced by 140 while public sector employment would fall by 309 positions, due to slightly lower revenue. The net employment reduction would be 449 positions statewide. State real disposable income would fall by $92 million, or just $10.17 per person per year. At the same time, a flat B&O tax rate would increase private sector investment by $9.03 million in the first year.
4. Replace the B&O Tax with a Texas-Style Franchise Tax

The Texas Franchise Tax is similar to Washington's B&O tax, except that companies are allowed to deduct either the cost of labor or all business expenses other than labor. Economists at the Beacon Hill Institute analyzed this option by reducing the tax base for each sector in their STAMP model by the greater value of either its payments made to the labor sector or its purchases from other sectors.

Under this tax alternative, state officials would see a $109 million loss in revenue compared to the current revenue they receive under the B&O tax, but local government officials would see their property tax revenues rise by $19.13 million.

The change in tax policy would increase private sector employment by 590 jobs, while the state government employment would fall by 368 workers due to the lower revenue. The net employment effect would be a gain of 222 jobs in the state. The combination of higher overall employment and lower taxes would boost state real disposable income by $25 million. The tax cut would also boost private investment by $1.58 million.

Washington Policy Center Recommendation: The Single Business Tax

Based on the results of the four alternatives modeled, it became clear to us that none of the options offered the people of Washington a significant increase in job creation or economic growth. We then focused on ways to replace the B&O tax that would align Washington's tax system with the sound principles of taxation describe above.

In addition to the immediate improvements discussed previously (centralized administration of the B&O tax along with strict apportionment to local governments), elected officials could gain long-term benefits by adopting a replacement for B&O tax based on the following principles:

- Revenue neutral.
- Treat all business owners equally by using one flat rate.
- Eliminate loopholes and special treatment.
- Simplify administration of the tax to reduce compliance costs for business.

Washington Policy Center proposes replacing the B&O tax paid with a Single Business Tax based on total receipts. This approach is similar to that taken by the Texas Franchise Tax. The following provisions would be part of a constitutional amendment needed to create a Single Business Tax in Washington:

- A Single Business Tax (also called a gross receipts margins tax) would be created as the only tax the state and cities (but not counties) could levy on employers.
- All existing state and city taxes on employers would be repealed, except for the new Single Business Tax.
- Counties, which currently do not impose business taxes, would continue to be prohibited from doing so.
- The change would only affect the business tax. There would be no change in state and local sales taxes and property taxes currently paid by businesses.

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The Single Business Tax would be computed by subtracting from an employer's total gross annual receipts the cost of either production or total compensation to determine the amount of money against which the tax rate is applied. The taxable amount could not be more than 60% of total gross receipts.

A uniform tax discount would be provided to reduce the impact of the Single Business Tax on small businesses with low profitability.

Credits and exemptions that give special tax breaks to some industries would be eliminated. The exact legal definitions of production costs and of compensation cost would be defined by the legislature.

The initial Single Business Tax rate would be set by the legislature and would comply with the constitutional requirement that taxes be applied uniformly to all business owners. In other words, adoption of a Single Business Tax would assure that everyone pays the same rate. The legislature would set the tax rate at a level that would be revenue neutral; the state would continue to collect the same amount of money under a Single Business Tax as it does under the current B&O tax.

Local officials (excluding counties) could impose a separate tax on businesses located within their city borders, but the same uniformity requirement would apply. Any local business tax would have to be based on a single rate applied equally to all business owners. For simplicity, all business taxes, state and local, would be collected by the state and the local portion would be distributed each year to city treasuries.

In order for the Single Business Tax to be workable, lawmakers would have to enact precise definitions for the legal meanings of the terms “cost of production,” “cost of compensation,” and to set the “uniform tax discount.”

For discussion purposes, here are proposed definitions for these three terms:

- Cost of production means “the cost of materials, equipment and other overhead items devoted to the production of a good or service.”
- Cost of compensation means “W-2 wages and cash compensation paid to officers, directors, owners, partners and employees; the cost of benefits provided to all personnel to the extent they are deductible for federal income tax purposes, including workers’ compensation, health care and retirement benefits.”
- Uniform tax discount means after computing the taxable amount all business entities would be entitled each year to the following sliding discount schedule:
  - Less than $1,000 – no taxes paid
  - $1,000 to $299,999 – pay 10 percent of tax due
  - $300,000 to $399,999 – pay 20 percent of tax due
  - $400,000 to $499,999 – pay 40 percent of tax due
  - $500,000 to $699,999 – pay 60 percent of tax due
  - $700,000 to $899,999 – pay 80 percent of tax due
  - $900,000 to $999,999 – pay 90 percent of tax due
Firms making more than one million dollars would pay 100% of tax due. This scheduled would be indexed to inflation, so the discount would maintain a consistent economic value over time.

This proposal would result in radical simplification of current business taxes by eliminating the confusing multiple rates on business activities, and by repealing the special interest tax credits and exemptions for some industries that have built up over the years. The Single Business Tax would be phased in over multiple years to allow employers and public officials time to adjust to the new system.

Example of How the Single Business Tax Would Work

One of the main advantages of adopting a Single Business Tax would be to reduce sharply the paperwork burden the state places on business owners. Here is how it would work:

The business owner would be given a choice of three ways to calculate their taxable margins, and would be allowed to choose the one that results in the lowest tax burden. Calculating the taxable margins could be based on either the business’s:

1. Total gross receipts minus labor costs
2. Total gross receipts minus all production costs except labor
3. 60% of total gross receipts

Then the business owner would multiply the taxable margin by the Single Business Tax rate for each taxing jurisdiction. The final amount owed for each taxing jurisdiction would be sent to the state in one payment and then distributed by the state to local governments.

Tax Foundation Analysis

Washington's B&O tax is nationally recognized as one of the worst ways to tax businesses. Due to its national reputation and critiques of Washington's B&O tax, WPC asked the Tax Foundation for its analysis of moving the state towards a Single Business Tax. Since its founding in 1937, the Tax Foundation has focused on studying the impact of various tax policies. Economist Kail Padgitt provided this analysis on behalf of the Tax Foundation:

“The current Washington B&O tax is a deeply flawed and damaging system. The problems with such gross receipts taxes have been well documented. Washington has to face the issue of how best to mitigate these distortions. There are two main directions that reform effort can take when dealing with the gross receipts tax (GRT). The first is to work towards repeal and replacement with an alternative tax. The second is to reform the structure and procedures of the GRT.

“Both methods have positives and negatives. A repeal effort will be costly and have a lower probability of success. If it is successful, however, it will remove a major drain on the tax system.

“A partial reform will not completely remove all of the distortions from the GRT. It does, however, stand a better chance of adoption. A secondary
consideration is the affect this partial reform will have on future reform efforts. Will this be a catalyst for future reform or a hindrance? These questions are difficult to answer.

“On the specific issue of reforming the current B&O tax, the main alternative is the Texas Margins Tax. The margins tax has both benefits and drawbacks over the B&O tax. The margins tax differs in a few ways. The most significant is that there are only two rates implemented, wholesaler rate and other businesses. Each business is then able to deduct either compensation costs or production costs, whichever yields the greater deduction. Alternatively, it allows a deduction on 30% of revenue.

“This two rate system is much simpler than the multi-rate system under the B&O tax. These multi-rate systems are designed to reduce the amount of tax pyramiding that GRT creates. The problem is that it requires a legislature to determine these different rates. This creates the potential for special interest groups to lobby for lower rates. A Texas-style margin tax reduces the ability for special interests to lobby for lower rates. It does not, however, eliminate the ability for a special interests group to lobby because there is still the ability to seek exemptions.

“A Texas Franchise Tax also increases the compliance costs for business. Businesses are forced to calculate their tax liability in three ways. These additional compliance costs need to be factored in.

“My summary opinion is that the Texas Margin tax is on the whole a better version of the gross receipts tax than the B&O tax. However, the margins tax is a gross receipts tax that comes with many distortions.

“As to the specifics, the (WPC) proposal is in good order.”

Ending Special Tax Treatment

Washington Policy Center's Single Business Tax proposal addresses the concern about special interests groups lobbying for exemptions by constitutionally prohibiting targeted exemptions. Only the uniform “cost of production” or “compensation” deduction can be applied to determine a business’ taxable amount, meaning all businesses in the state are treated the same and receive the same deduction.

Coupled with the repeal of the existing B&O credits and exemptions, if elected officials adopt a Single Business Tax, extensive input from business owners would be necessary to help define the uniform statutory deductions and to mitigate any competitiveness problems that would arise in the transition to a new business tax system.

Conclusion

As stated in this report, there is a need for both long-term and short-term fixes to our state’s B&O tax. The short-term options will help reduce the compliance costs and complexity of paying the tax. The long-term recommendation, adopt a Single Business Tax, is designed to bring policymakers together to examine the need for a solid framework governing a better tax system and then the framework itself.

Too often the discussion of how to replace the B&O tax revolves around enacting either a corporate income tax or a personal income tax. An income tax remains extremely unpopular in Washington and voters have made it clear they do
not want their elected representatives to impose such a tax on either businesses or the incomes of individual citizens.

Our intention is to offer an alternative that is not based on imposing an income tax on businesses or individuals, but to offer a way policymakers can constructively improve the business climate while collecting needed revenue for government. A solid set of tax principles must guide the adoption of any effective tax structure, otherwise our state would again end up with a system riddled with loopholes and special-interest carve-outs.

There is no silver bullet to solving the problems inherent in the gross receipts tax. However, through embracing solid tax principles and meaningful reform – both in the short and long-terms – we can help encourage future economic growth.
About the Authors

Jason Mercier is Director of the Center for Government Reform at Washington Policy Center. He serves on the Executive Committee of the American Legislative Exchange Council’s Tax and Fiscal Policy Task Force and is a contributing editor of the Heartland Institute’s Budget & Tax News. Jason is also a columnist for SeattlePostGlobe.org and serves as Treasurer on the board of the Washington Coalition for Open Government and was an advisor to the 2002 Washington State Tax Structure Committee. He received a B.A. in Political Science from Washington State University.

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