



# PROPOSED STUDY QUESTIONS B&O Tax Preferences for Food Processors

State of Washington Joint Legislative Audit and Review Committee

September 2021

## JLARC to review preferences for dairy, fruit and vegetable, and seafood processors

In 2015, the Legislature extended a group of B&O tax exemptions for dairy, fruit and vegetable, and seafood processors through 2025. Certain sellers of these products also qualify. JLARC staff last reviewed these preferences in 2014.

The preferences are included in the 10-year review schedule set by the Citizen Commission for Performance Measurement of Tax Preferences.



## B&O tax exemptions intended to create and retain jobs and continue to provide tax relief to the food processing industry

The Legislature has extended the B&O tax exemptions for food processors twice before. Most recently, the 2015 Legislature stated that its intent for extending the preferences was to create and retain jobs and continue to provide tax relief to the food processing industry. When the exemptions expire July 1, 2025, a preferential B&O tax rate of 0.138% will take effect.

### JLARC staff will address the following questions:

1. How many and what businesses claim each exemption, and how much tax is exempted?
2. What is the change in total employment for businesses claiming the exemptions?
3. What is the change in the total taxable income for businesses claiming the exemptions?
4. What percentage of total taxable income do the exemptions represent for the businesses claiming them?
5. How do the preferences impact Washington’s dairy, fruit and vegetable, and seafood processing industries?
6. How have the preferences affected the cost of business for Washington food processors compared with other states?

### Study Timeframe

Preliminary Report: July 2022

Proposed Final Report: December 2022

### Study Team

Team Lead	Dana Lynn	(360) 786-5177	<a href="mailto:dana.lynn@leg.wa.gov">dana.lynn@leg.wa.gov</a>
Research Analyst	Pete van Moorsel	(360) 786-5185	<a href="mailto:pete.vanmoorsel@leg.wa.gov">pete.vanmoorsel@leg.wa.gov</a>
Research Analyst	Zack Freeman	(360) 786-5179	<a href="mailto:zack.freeman@leg.wa.gov">zack.freeman@leg.wa.gov</a>
Project Coordinator	Eric Thomas	(360) 786-5182	<a href="mailto:eric.thomas@leg.wa.gov">eric.thomas@leg.wa.gov</a>
Legislative Auditor	Keenan Konopaski	(360) 786-5187	<a href="mailto:keenan.konopaski@leg.wa.gov">keenan.konopaski@leg.wa.gov</a>

### JLARC Study Process

