

Revenue Measures Enacted in Washington State in 2009 and 2010

By Andy Nicholas and Jeff Chapman

To help preserve essential state services like health care and education while the economy recovers, lawmakers in Washington State enacted a series of modest revenue increases.

Key findings about revenue increases enacted during the 2009 and 2010 legislative sessions include:

- Revenue increases accounted for a very small share (8 percent) of the total actions taken to balance the state budget between fiscal year 2009 and fiscal year 2011. Policymakers relied much more heavily on one-time transfers and changes, federal recovery funds, and especially on making deep cuts in education, health care, and economic security.
- Over one-third (35 percent) of revenue enhancements passed in 2009 and 2010 will not increase taxpayer liability compared to previous years. These actions include enhanced auditing and compliance efforts, technical clarifications, and other actions.
- Most of the actual tax increases were temporary and will expire at the end of fiscal year 2013. The permanent measures – such as adopting economic nexus and eliminating wasteful exemptions and deductions – will make Washington’s tax structure more adequate and equitable in the long run.
- Tax increases enacted in Washington increased revenues in the current biennium by about 3.6 percent – a level that is lower than the national average and solidly in the mainstream relative to other states. At least two-thirds of all states increased taxes to help maintain services during the recession.
- These additional resources helped offset devastating cuts in services that further core public priorities – such as ensuring we have a highly educated and competitive workforce, that we maintain good public health, and that we live in safe communities.

Washington State’s response to the Great Recession

Since December 2007, the nation has been mired in the deepest economic slump of the post World War II era. Here in Washington State, over 167,000 jobs have been lost since the start of the recession. The unemployment rate, at 9.5 percent, is now over twice what it was when the recession began.¹

The state budget has been deeply affected by the national recession on both sides of the budget equation. On the spending side, the downturn has meant a heightened need for state services such as health care and worker retraining. At the same time, taxable economic activity fell dramatically, leading to a sharp decline in state revenues.

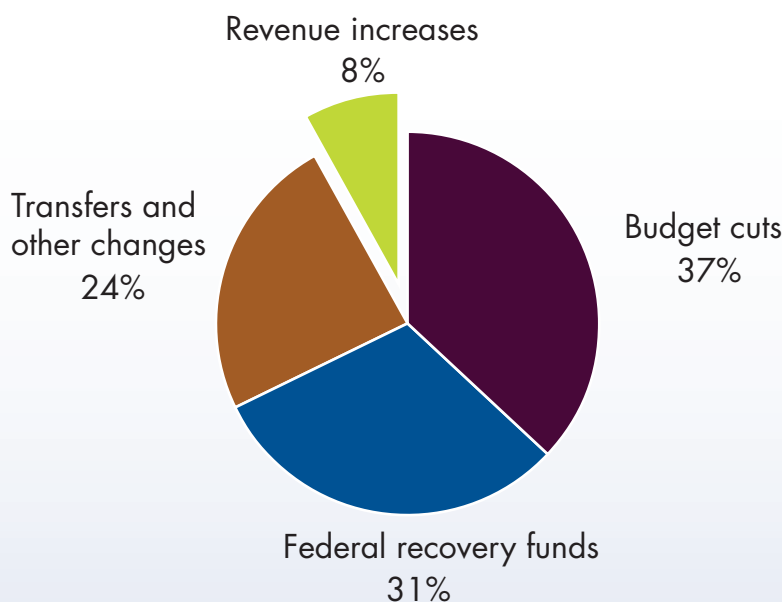
The combination of increased need and falling resources led to an imbalance; the state was taking in too little

revenue to meet the growing needs of vulnerable families while maintaining our long-term investments. The imbalance faced by state policymakers for fiscal years 2009 through 2011 totaled \$11.8 billion.²

To address the shortfall, there were four primary tools available to policymakers in the 2009 and 2010 legislative sessions. Each of these tools played a role in the enacted solution to the budget shortfall, as shown in Figure 1:

- Policymakers relied most heavily on deep *budget cuts* in education, communities, health, and economic security. Budget cuts accounted for 37 percent of the total solution.
- *Federal recovery funds*, which allowed policymakers to replace certain state funding with federal funding, accounted for nearly one-third of the solution.

Figure 1: Actions taken to balance the 2009-11 state budget



Source: Washington State Budget & Policy Center analysis of data from OFM, DOR, and LEAP

- Twenty-four percent of the solution came from *transfers and changes*, which include use of the rainy day fund and other reserves, capital-related transfers, other fund transfers, and other resource and cost adjustments.
- *Revenue increases*, including improving compliance, adopting technical changes to prevent revenue losses, and raising taxes, accounted for the smallest share of the solution—only eight percent.

The 2009 session

In the 2009 session, policymakers faced a roughly \$9 billion deficit. After making transfers from reserves and other accounts and accessing federal fiscal relief, they were still left with a \$3.7 billion gap that would need to be closed through a combination of budget cuts and revenue increases. The requirements of I-960 placed a significant barrier to raising taxes legislatively. There were proposals to send a tax increase to the ballot, but in the end, revenue measures passed in the 2009 session were limited to \$172 million, while budget cuts reached \$3.6 billion. Revenue measures mostly consisted of efforts to improve compliance with existing tax law – such as granting the Department of Revenue more resources to conduct audits and curtailing the abuse of “resale certificates.”

The 2010 session

By the 2010 legislative session, the worsening economy meant policymakers were facing another \$2.8 billion gap, bringing cumulative deficits in the biennium to \$11.8 billion. The legislature again relied on transfers and changes and federal recovery funds to close a significant share of the gap, but over \$1.5 billion was left. In order to prevent excessively painful cuts to core public services, the legislature suspended the supermajority requirement of I-960 and passed a package of modest revenue enhancements totaling \$760 million. Budget cuts totaled \$755 million.

A closer look at the revenue measures enacted in 2009 and 2010

The revenue measures adopted in the 2009 and 2010 legislative sessions encompass a broad array of actions. Some are tax increases while others simply provide for greater compliance with existing tax laws. Some are temporary changes while others are permanent. Figure 2 divides the actions into three categories³:

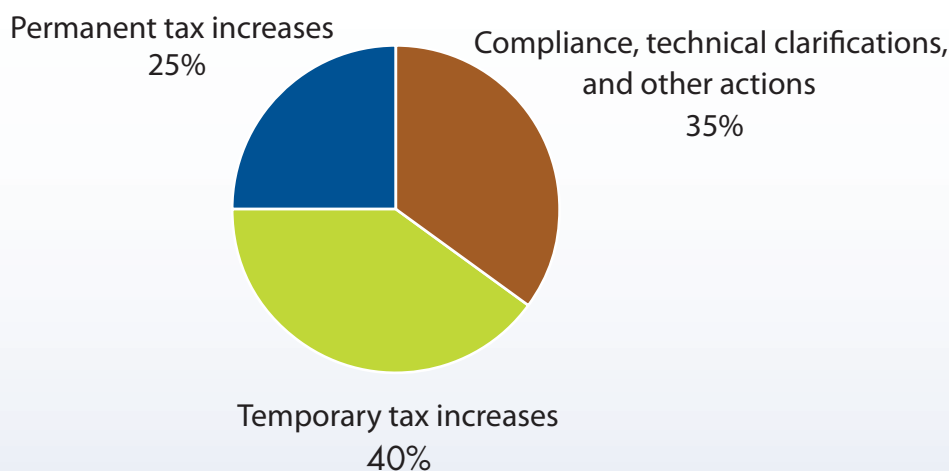
- *Compliance, clarification, and other revenue measures* make up 35 percent of the total. By improving compliance, clarifying law, and altering administrative practices, these measures generate additional revenues without increasing taxpayer liability.
- Forty percent of revenue measures are *temporary tax increases* set to expire after three years.
- One-quarter of revenue measures are *permanent tax increases*.

Compliance, clarification, and other revenue measures

Many of the actions taken during the biennium generated additional resources simply by improving compliance with existing tax law. For taxpayers that complied with Washington’s tax laws, these measures will not result in higher taxes.

For example, in 2009 the legislature instructed the Department of Revenue (DOR) to change the way it administered resale certificates. In Washington State, wholesale (sale for resale) purchases are exempt from the state sales tax. In order to claim the exemption, a buyer had to provide the seller with a resale certificate for each tax exempt purchase. Prior to 2009, resale certificates were freely available for download from DOR’s website. Certificates were subject to abuse when individuals would use them for personal rather than businesses purchases. As a response, the legislature eliminated resale certificates and replaced them with sellers’ permits. The new sellers’ permits

Figure 2: 2009-10 revenue measures by type



Source: Washington State Budget & Policy Center analysis of data from OFM and DOR

are issued only to registered businesses that make wholesale purchases. This action will generate about \$103 million in additional resources during the current biennium.

The legislature also enacted technical corrections and clarifications to state tax laws that will prevent steep revenue losses in the current year and in future years. This includes the legislature's response to a recent State Supreme Court case that greatly expanded an exemption originally intended only for companies such as Avon and Mary Kay that sell products solely through door-to-door salespersons (Dot Foods decision). Without legislative action, the state would have lost about \$151 million in the current biennium due to refunds and new firms claiming the exemption.

Lawmakers also increased state revenues by enacting administrative changes to state liquor stores. In 2009, the legislature gave the State Liquor Control Board the authority to open additional liquor stores and to open certain stores on Sundays and holidays. These actions will increase biennial revenues by about \$9.2 million.

A number of small actions – such as extending tax cuts that were originally intended to expire during the current biennium, and extending B&O tax due dates for certain businesses – reduced revenues in the 2009-11 biennium without changing taxpayer liability in the current year relative to previous years.

In total, compliance, clarification, and other revenue measures accounted for about 35 percent (\$328 million) of the revenue increases adopted in 2009 and 2010. A comprehensive list of these actions can be found in Appendix Table A.

Temporary tax increases

To help maintain services during a recession, it is a common practice for state policymakers to adopt temporary tax hikes. Though the current recession has been especially deep and long-lived, it is nonetheless a temporary phenomenon and its impact on state budgets will eventually subside.

Here in Washington, 40 percent of all revenue measures (61 percent of tax increases) enacted during the biennium are temporary measures. These measures, which totaled about \$369 million, are scheduled to expire at the end of fiscal year 2013. Temporary tax increases include:

- Enacting a 0.3 percentage-point B&O tax surcharge on business services (\$242 million);
- Extending the sales tax to certain purchases of bottled water(\$33 million)⁴;
- Imposing higher taxes on beer produced by large, multistate breweries (\$59 million);
- Enacting a new, two-cents per 12 ounces excise tax on carbonated beverages (\$34 million); and
- Suspending a sales tax exemption on certain equipment purchased by dairies (\$1 million).

Permanent tax increases

Permanent tax increases accounted for about 25 percent of all revenue measures adopted in 2009 and 2010. While the temporary tax measures helped to maintain vital services throughout the recession and the recovery, the permanent measures improved Washington's overall tax structure in the long run.

Actions such as the adoption of "economic nexus" removed an unfair disadvantage for Washington businesses while making Washington's B&O tax a more adequate instrument for financing public services.

Economic nexus replaced Washington's previous standard for determining which multistate companies are liable for B&O taxes on activities conducted in Washington. Under the old standard – which required companies to have a physical presence in Washington in the form of property or employees – numerous out-of-state businesses were able to avoid paying B&O taxes on activities performed in Washington. This favorable tax treatment gave out-of-state businesses a competitive advantage over in-state businesses. Economic nexus mitigated this advantage by requiring out-of-state businesses that have more than \$250,000 in sales in Washington State each year to pay B&O taxes on their activities in Washington, even if these firms do not have a physical presence here.

Similarly, policymakers curtailed or eliminated some \$32 million in wasteful business tax exemptions, deductions, and tax avoidance strategies. Notably, the legislature closed three egregious tax loopholes which had previously cost taxpayers some \$8.5 million per year in lost sales, B&O, and real estate excise tax (REET) revenues.

Other permanent tax increases also represented sound tax policy. The 2010 increases in tobacco taxes and the extension of the sales tax to candy and gum generated additional resources needed to preserve state services in throughout the recession. In the long run, these actions will encourage consumers to make healthier purchasing decisions.

Revenues low despite enhancements

Generally, state revenue grows as the economy grows. This normal growth in our resources is important because the cost of providing education and health care and so on grows from year to year. During this recession, however, we have seen declines in revenue that are unprecedented since the Great Depression. These declines threaten our ability to continue to invest in public priorities.

How Washington State's Tax Increases Compare to Those Enacted in Other States

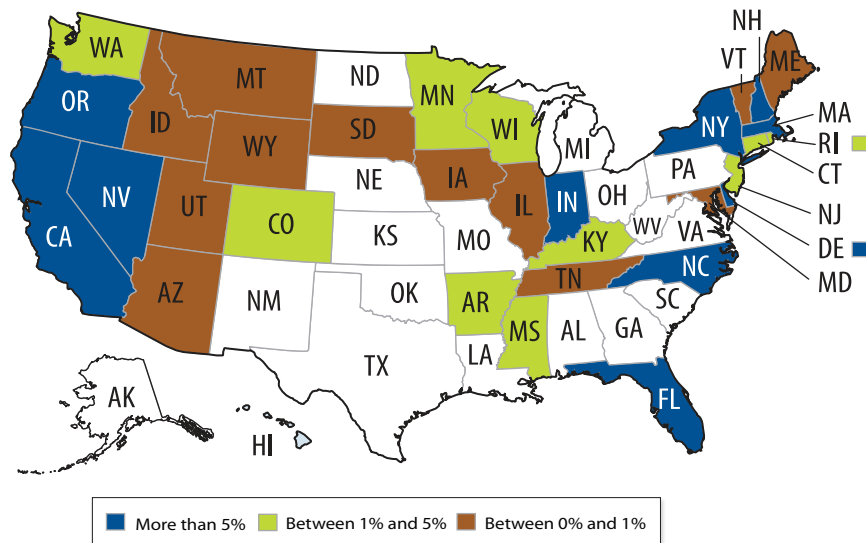
State tax increases are a common and reasonable way to preserve services during a recession. Since the recession began, at least 33 states (including Washington State) have increased taxes to help maintain public priorities.ⁱ

Figure A shows how Washington State's tax increases passed in 2009 and 2010 compare with those enacted in other states. The data on other states is only available through 2009. Once actions in other states in 2010 have been tallied, the number of states that have enacted tax increases will likely be even larger.

Washington State joins 20 other states that have increased taxes by more than one percent since the start of the recession. At least 10 of these states increased taxes by more than 5 percent.

In Washington State, taxes were increased by about 3.6 percent of total state revenues.ⁱⁱ Even without including tax actions taken in other states this year, this falls below the national average. Nationwide, states increased taxes on net by 3.8 percent of total revenues.

Figure A: Recent state tax increases as a share of total tax revenues



Source: Washington State Budget & Policy Center analysis of data from OFM, DOR, the US Census Bureau, and the Center on Budget and Policy Priorities

i Nicholas Johnson, Catherine Collins, and Ashali Singham, "State Tax Changes in Response to the Recession," Center on Budget and Policy Priorities, March 8, 2010, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3108>.

ii Washington State Budget & Policy Center Analysis of data from OFM, DOR, and the U.S. Census Bureau.

If policymakers had not acted to increase revenue during the current biennium, total state near-general fund revenue would have fallen by 4.4 percent over the previous biennia (Figure 3). Even with the revenue enhancements described above, total revenue will still be lower than in the last biennia—by 1.3 percent.

Looking ahead

Though there have been recent signs that the worst of economic crisis may be behind us, it will likely be a number of years before employment fully recovers and revenue collections return to their pre-recession levels. This means that the current recession will continue taking a heavy toll on the state budget well into (and possibly beyond) the coming 2011-13 fiscal biennium.

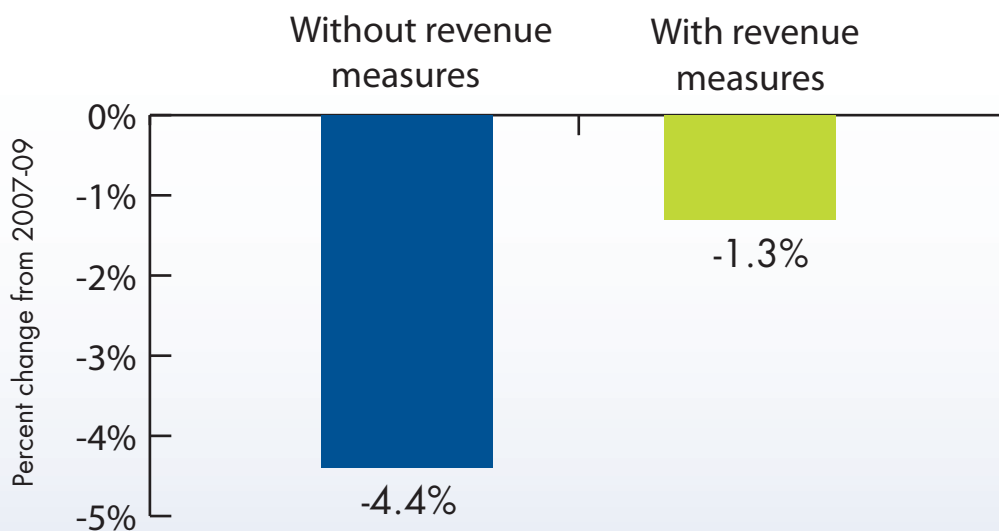
The revenue enhancements enacted in the current biennium will ease the recession’s impact on state services in the coming biennium. In total, revenue enhancements enacted in 2009 and 2010 will generate more than \$1.7 billion in the next biennium, helping

prevent severe budget cuts. (Even with the revenue package, it is likely that when the Governor develops the first budget for the 2011-13 biennium late this year, she will be facing another deficit.)

Aside from the temporary recession-induced deficit, Washington State faces a longer-term imbalance between available resources and the cost of pursuing our shared vision. Our ability to continue making progress as a state on education, community, health, and economic security depends on both a short-term solution to the recession and a roadmap for funding education and health care over the long-term.

In the coming biennium, policymakers should consider additional short-term revenue enhancements to help preserve services while the economy recovers. Residents and policymakers should also engage in a holistic review of Washington’s tax structure. Significant structural reforms will be needed if we are to make needed investments in important priorities.

Figure 3: Projected declines in 2009-11 near-general fund revenue



Source: Washington State Budget & Policy Center analysis of data from ERFC, OFM, DOR, and LEAP

Conclusion

In the midst of the worst recession of the post World War II era, lawmakers in a solid majority of states (including Washington State) raised additional revenues to help maintain basic public services like health care and education. Here in Washington, revenue increases accounted for only eight percent, the smallest share, of the state's response to downturn. Policymakers overwhelmingly relied on budget cuts and other measures to keep the budget in balance during the 2009-11 biennium. It is important to note that a large chunk of the revenue increases adopted in Washington did not result in higher taxes for most individuals and businesses in Washington. These compliance efforts, technical clarifications, and other actions accounted for 35 percent of total revenue measures enacted in 2009 and 2010. Actual tax increases enacted during the biennium – most of which are temporary – were lower compared to increases enacted in other states during the recession.

Endnotes

1. Washington State Budget & Policy Center calculations of state-level employment data from the Bureau of Labor Statistics (CES, LAUS), December 2007 through March 2010.
2. Washington State Budget & Policy Center calculations of data from the Washington State Economic and Revenue Forecast Council, the Office of Financial Management, and the Senate Ways and Means Committee.
3. Calculations of data from the Office of Financial Management and the Department of Revenue, fiscal notes and legislative summaries for revenue measures enacted in 2009 and 2010.
4. Sales of bottled water to residents who do not have access to potable water are exempt from this tax. Bottled water that is prescribed by a physician for medical purposes is also exempt. In addition, residents will vote on a referendum measure in November that would extend the tax beyond 2013. See Appendix Table B for more details.

Appendix Table A: Compliance, Technical Clarifications, and Other Actions

Action	Year Enacted	Tax	Temporary	Description	Revenue (\$ millions)	
					2009-11	2011-13
Retroactively clarifying the direct sellers exemption (addressing the "Dot Foods" case)	2010	B&O	No	A 2009 State Supreme Court case (Dot Foods v. Department of Revenue) would have greatly expanded a B&O deduction originally intended only for out-of-state companies that sell consumer products exclusively through door-to-door sales persons or through in-home parties (i.e. Avon and Mary Kay). The court's ruling would have expanded the exemption to include firms that sell both consumer and nonconsumer products through in-state subsidiaries. Furthermore, the Court's ruling would have allowed out-of-state companies whose products are eventually sold in permanent retail stores to claim the exemption. The Department of Revenue estimated that the Court's ruling would have cost the state about \$151 million in the 2009-11 biennium. Of this amount, about \$60 million would have been lost due to refunds on taxes paid to Dot Foods and other companies; about \$90 million would have been lost as a result of new firms claiming the exemption under the Court's expanded interpretation. To prevent these revenue losses, the legislature eliminated the direct sellers exemption and retroactively clarified the law to conform with their original intent. The adjacent revenue estimates reflect the impact of this retroactive clarification. The impact of repealing the direct sellers exemption (\$3.7 million) is included in Appendix B.	151.3	199.4
Sales tax compliance (limiting the abuse of resale certificates)	2009	Sales	No	Under state law, wholesale (sale for resale) purchases of goods and services are exempt from the state sales tax. Prior to 2009, a buyer in Washington State had to present the seller with a resale certificate in order to claim the wholesale exemption. Resale certificates were freely available for download on the Department of Revenue's (DOR) website. These certificates were subject to abuse when individuals would use them to avoid paying the sales tax on personal rather than business purchases. In 2009, the legislature replaced resale certificates with sellers' permits. The new sellers' permits are issued only to registered businesses that make wholesale purchases.	102.6	160.9
Enhanced auditing and other efforts to improve compliance	2009	various	No	In 2009, the legislature provided the Department of Revenue with additional resources to improve tax compliance. As a result, the Department has increased the number of audits of out-of-state companies, purchased third-party data to improve the audit selection process, and increased traditional audit and compliance enforcement activities.	60.1	No data
Opening new liquor stores and extending their hours of operation	2009	Liquor Control Board revenues	No	In 2009, the legislature implemented several actions to increase revenues from sales of liquor. These actions include opening 15 new state and contract liquor stores and extending their hours of operation to include Sundays and some holidays.	9.2	No data
New tax collection tools	2009	various	No	In 2009, DOR was given greater authority to pursue unpaid taxes. Specifically, DOR can now require financial institutions to withhold and deliver property owned by delinquent taxpayers.	8.8	9.1
Misc. actions	2009-10	various	No	Smaller compliance and clarification efforts enacted in 2009 and 2010 include: measures giving DOR the authority to pursue chief executive officers or other corporate officers for delinquent sales taxes; greater use of electronic records; and other actions.	4.4	No data
Extending sunset dates for tax cuts and due dates for B&O taxes	2010	various	Yes	In 2010, the legislature extended a sales tax deferral program for certain industries operating in rural counties. The program would have expired on July 1, 2010. It is now set to expire on July 1, 2020. The legislature also provided a 90-day extension for certain firms that are required to file accountability reports in order to claim various tax preferences.	-8.1	No data

Source: Budget & Policy Center analysis of data from OFM, DOR, and LEAP

Appendix Table B: Tax Increases Enacted in 2009 and 2010 (part 1 of 3)

Action	Year Enacted	Tax	Temporary	Description	Revenue (\$ millions)	
					2009-11	2011-13
Enacting a surcharge on certain business services and casinos and tax cuts for small businesses	2010	B&O	Yes	Businesses that previously paid the 1.5 percent "Service & Other Activities" B&O tax rate, and casinos that paid the 1.63 percent rate, are subject to a 0.3 percent point surcharge. The surcharge applies to a broad array of professional and business services. This increase will expire on June 30, 2013. Public and private hospitals are exempt from the increase along with certain scientific research activities. The small business tax credit was also permanently doubled, rising to \$70 from \$35 per month for small service-oriented businesses. The filing threshold for these businesses was also permanently increased from \$28,000 to \$46,667 per year.	241.9	483.1
Increasing taxes on cigarettes and other tobacco products	2010	Cigarette tax, Other tobacco products	No	The cigarette tax was increased by \$1.00, rising to \$3.025 from \$2.025 per pack. Taxes on other tobacco products were increased from 75 to 95 percent of the sales price. The maximum tax for cigars was increased from \$0.50 to \$0.65. Little cigars are now taxed at the same rate as cigarettes. Starting October 1, 2010, moist snuff will be taxed at the greater of \$2.526 per 1.2 ounces or 83.5 percent of the cigarette tax.	101.4	197.8
Adopting economic nexus and single sales factor apportionment and changing taxation of royalty income	2010	B&O	No	Prior to 2010 multistate businesses were required to have a physical presence in Washington to be liable for B&O taxes on activities conducted in Washington. Economic nexus extended the B&O tax to firms that do not have a physical presence, but that have more than \$250,000 in sales or that have at least 25 percent of their total property, payroll, or sales located in Washington. Apportionment rules were also changed to the single sales factor method, which reduced taxes for some in-state businesses. The new apportionment rules were also applied to royalty income, reducing taxes for some in-state businesses and increasing taxes for some out-of-state businesses. All of these changes were applied only to service-industry businesses, financial firms, and royalty income.	84.7	407.3
Increasing the beer excise tax for large breweries	2010	Beer Excise	Yes	The beer excise tax was increased by \$0.50 per gallon. This rate was applied to large breweries that produce more than 2 million barrels of beer per year nationally. Small microbreweries that produce or sell less than 60,000 barrels in Washington State were exempted from the increase.	59	118
Creating a new tax on carbonated beverages	2010	Carbonated Beverages Excise	Yes	A new tax was applied to carbonated beverages (not including sparkling water or alcoholic beverages). The tax rate was set at 2 cents per 12 ounces. For bottlers, the first \$10 million in beverage sales was exempted from the tax. The tax will expire on June 30, 2013.	33.5	72.4
Extending the sales tax to bottled water	2010	Sales	Yes	The state sales tax was extended to purchases of bottled water. Residents who do not have access to potable water were exempted from paying the tax. Bottled water that is prescribed by a physician for medical purposes was also exempted. The tax is scheduled to expire on June 30, 2013. However, residents will vote on a referendum measure in November that would extend the tax beyond 2013. Revenues from the tax collected after 2013 would be used to help finance capital projects to improve energy efficiency and reduce operational costs for public schools and public higher education facilities.	32.6	69.2
Ending the sales tax exemption for candy and gum and cutting taxes for local manufacturers	2010	Sales	No	The state sales tax was extended to include purchases of candy and gum. A \$1,000 per employee B&O tax credit was also enacted to offset costs for local candy manufacturers.	30.5	62.4
Ending the sales tax exemption for hybrid cars	2009	Sales	No	An exemption from the state sales tax on hybrid vehicles was eliminated. Hybrid vehicles will remain exempt from the 0.3 percent sales tax on vehicles until January 1, 2011.	29.3	No Data

Appendix Table B: Tax Increases Enacted in 2009 and 2010 (part 2 of 3)

Action	Year Enacted	Tax	Temporary	Description	Revenue (\$ millions)	
					2009-11	2011-13
Curtailing tax avoidance transactions	2010	Sales, use, B&O, REET	No	The Department of Revenue was given authority to collect taxes from individuals and businesses that engage in three tax avoidance schemes: 1) joint ventures between contractors and developers that allowed contractors to avoid charging sales taxes for construction services; 2) arrangements in which businesses disguised otherwise taxable income using out-of-state affiliates; and 3) arrangements in which taxpayers avoided paying sales taxes on goods by registering them to out-of-state shell corporations. Transactions used by certain firms to avoid REET taxes were also curtailed. A commission to study tax avoidance transactions more broadly was also created.	8.5	30.4
Restricting the property management salary exemption	2010	B&O	No	A B&O tax exemption claimed by property management companies for payment of wages and benefits to on-site personnel was eliminated. Non-profit organizations can still claim the exemption.	6.9	14.8
Clarifying a preferential tax rate for meat and fruit and vegetable processors	2010	B&O	No	A 2005 State Supreme Court ruling expanded a preferential B&O rate that was originally intended only for certain perishable meat packers and fruit and vegetable processors. The law was clarified so that the preferential rate applies only to a narrow range of perishable and nonperishable meat products and fruit and vegetable products.	4.1	8.8
Eliminating the direct sellers exemption	2010	B&O	No	A recent State Supreme Court Case (Dot Foods vs. Department of Revenue) would have greatly expanded an exemption originally intended only for out-of-state companies like Avon and Mary Kay that sell consumer products exclusively through door-to-door sales persons or through in-home parties. The legislature eliminated the exemption in 2010. Note: The revenue impact shown to the right reflects higher taxes that will be collected from firms that previously claimed the exemption in accordance with the DOR (i.e. Avon, Mary Kay, etc). The impact of retroactive clarification of the exemption is included in Appendix B.	3.7	8.6
Limiting the first mortgage deduction	2010	B&O	No	A recent ruling from the State Supreme Court expanded a B&O deduction for interest earned on first home mortgages loans. The Court expanded the deduction to include certain fees retained by banks after selling the loans on a secondary market. The legislature restricted number of fees to which the exemption will apply.	3.6	7.9
Eliminating the exemption for fees paid to corporate boards of directors	2010	B&O	No	A B&O tax exemption on compensation paid to corporate boards of directors was eliminated. Compensation will be taxed at the rate applied to "service and other activities," which is currently 1.8 percent, but is scheduled to fall to 1.5 percent in FY2014).	2.1	4.6
Limiting the bad debt deduction	2010	B&O	No	A B&O deduction for sales taxes remitted on debts that are deductible as worthless under the federal income tax was expressly limited to sellers.	1.7	4.1
Suspending the exemption for livestock nutrient equipment	2010	Sales	Yes	The sales tax exemption for equipment used by dairies for handling livestock nutrients was suspended for three years. The exemption is scheduled to be reinstated at the end of fiscal year 2013.	1.3	2.8
Clarifying the PUD privilege tax	2010	PUD privilege	No	Public utility districts (PUDs) pay the PUD privilege tax in place of the property tax. The tax is levied on income received from the sale of electricity. A recent court ruling found that PUDs that separate electricity (kilowatt per hour) charges from other charges are entitled to refunds for taxes paid on income derived from these other charges. The legislature clarified the law so that the PUD privilege tax applies to income from all charges for electricity.	1.2	2.2

Appendix Table B: Tax Increases Enacted in 2009 and 2010 (part 3 of 3)

Action	Year Enacted	Tax	Temporary	Description	Revenue (\$ millions)	
					2009-11	2011-13
Creating environmental tax incentives	2009	Sales, Public Utility, B&O	Some	In 2009, the legislature enacted a series of tax cuts for certain environmental purposes. These include: a sales tax exemption for renewable energy equipment; a reduced tax on log hauling; a sales tax exemption for hog fuel; a B&O credit for biomass energy production; a reduced B&O rate for manufacturing solar energy systems; and a reduced B&O rate for the activity of cleaning up radioactive waste.	-33.3	No Data
Altering taxation of digital goods	2009	Sales, B&O	No	The legislature altered state taxes applied to digital goods to conform with the definitions provided under the Streamlined Sales and Use Tax Agreement (SSUTA). This measure also clarified which B&O tax rates apply to retailers and wholesalers of digital goods.	-2.6	-2.9
Reducing taxes for the newspaper industry	2009	B&O	No	The B&O tax rate applied to newspaper printers and publishers was reduced from 0.484 to 0.2904 percent.	-2.5	-2.6
Extending a state sales tax credit to finance local revitalization projects	2009	Sales	No	Designated areas were allowed to credit certain local sales taxes against the state sales tax to help finance capital improvement projects.	-2.3	-9.5
Misc. tax cuts	2009-10	various	Some	A number of small tax cuts worth less than \$1 million per year were enacted in 2009 and 2010. These include tax cuts for Bonneville Power Administration, for various digital products, a new sales tax exemption for ceramic molds, and others.	-2	No Data

Source: Budget & Policy Center analysis of data from OFM, DOR, and LEAP