

B&O tax credit for carbon fiber and carbon-fiber composite manufacturing/wholesaling

Description The carbon-fiber composite industry is growing rapidly. This industry provides well paying manufacturing and technical jobs. Bio-based carbon-fiber composites have a lower carbon footprint.

To promote the continued growth of the carbon-fiber composite industry in Washington, this proposal would provide a B&O tax credit equal to 40 percent of B&O tax paid on the manufacture and/or wholesale sale of carbon-fiber, carbon-fiber composites, and carbon-fiber composite products manufactured by the seller.

- The credit has a statewide cap of \$4 million per calendar year.
- The credit has a per taxpayer cap of \$500,000 per calendar year.
- The cap will be administered on a “first in time” basis.
 - The credit is limited to the manufacture and wholesale of carbon fiber, carbon-fiber composites, and carbon-fiber composite products manufactured by the seller. Qualified carbon-fiber composites include those composites that are bio-based.

Current Law Under current law, persons who manufacture or sell at wholesale carbon fiber, carbon-fiber composites or their product derivatives are subject to the B&O tax at the general manufacturing and wholesaling rate of 0.484%.

Revenue Impact

General Fund Impacts (\$ millions)

# of Impacted Taxpayers	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
300	\$ (2.0)	\$ (2.0)	\$ (4.0)	\$ (2.0)	\$ (3.0)	\$ (5.0)

- *Estimates assume a July 1, 2015, effective date, representing 11 months of collections for FY 2016.*
- *Estimates reflect the November 2014 Economic and Revenue Forecast Council revenue forecast.*