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January 26, 2011

The Honorable Sam Reed
ATTN: Carolyn Berger
Initiative Supervisor
PO Box 40220
Olympia, WA 98504-0220

Re: Initiative No. 1118

Dear Mr. Reed:

Pursuant to RCW 29A.72.060, we supply herewith the ballot title and ballot measure summary for Initiative No. 1118 to the People (an act relating to business and use taxes).

BALLOT TITLE

Statement of Subject: Initiative Measure No. 1118 concerns business and occupation taxes.

Concise Description: This measure would exempt income received by small businesses, as defined, from state and city business and occupation tax, and raise state business and occupation tax rates by 0.2% on all other businesses.

Should this measure be enacted into law? Yes No

BALLOT MEASURE SUMMARY

This measure would make state business and occupation tax inapplicable to income received by an in-state "small business" having fifty or fewer employees or less than \$7,000,000 gross annual revenue. State business and occupation tax rates for businesses other than a "small business" would be raised by 0.2% over the rate existing on December 31, 2010. A city would be prohibited from imposing a business and occupation tax on income received by a "small business".

Sincerely,

ALLYSON ZIPP
Deputy Solicitor General
360-664-0869