



April 11, 2025

*[delivered electronically]*

Dear Senators and Representatives,

On behalf of Life Science Washington, representing Washington's nonprofit research institutes, I want to thank you for your continued support of Washington's nonprofit research sector and draw your attention to an important technical issue in SB 5794 (Adopting recommendations from the tax preference performance review process, eliminating obsolete tax preferences, clarifying legislative intent, and addressing changes in constitutional law).

As currently drafted, SB 5794 (sections 102 and 103) repeals RCW 82.04.260(3)—the provision that defines nonprofit research institutions and which is also referenced in HB 2045 (Investing in Washington families by restructuring the business and occupation tax on high grossing businesses and financial institutions). Without that reference, it becomes unclear what research and development activity would be considered exempt under HB 2045.

**To ensure clarity and effective implementation of both bills, we respectfully request that the nonprofit research language be restored to SB 5794.** We recognize that this preferential B&O rate has not been widely utilized in recent years, but restoring it ensures the policy functions as intended across both bills. Therefore, this is a technical fix that would not change the underlying policy intent of either bill—it would simply align the two measures and ensure the exemption in HB 2045 remains meaningful and enforceable.

This exemption is especially important because nonprofit research organizations do not have a traditional revenue source to pay business and occupation taxes. These institutions rely primarily on federal grants and philanthropic support to conduct their work. Granting them the lower manufacturing rate, regardless of the B&O bill, reflects this financial reality and continues Washington's long history of recognizing and supporting the unique value of nonprofit research in advancing scientific discovery and public benefit.

We are grateful that HB 2045 includes an exemption for nonprofit research as defined in RCW 82.04.260. This provision affirms the Legislature's recognition of the sector's essential role and ensures that tax reforms targeted at high-revenue businesses do not unintentionally impact these mission-driven institutions.

Thank you for your attention to this small but important detail. We appreciate your leadership and partnership in preserving Washington's vibrant nonprofit research ecosystem.

Sincerely,

A handwritten signature in black ink that reads 'Marc Cummings'.

Marc Cummings  
Chief Executive Officer  
Life Science Washington