
HOUSE BILL 2668

State of Washington

52nd Legislature

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By Representatives Wang, Locke, Belcher, Fraser, R. King, Appelwick, Leonard, Prentice and G. Cole

Read first time 01/23/92. Referred to Committee on Revenue.

1 AN ACT Relating to business and occupation taxes; amending RCW
2 82.04.300, 82.04.4281, 82.04.4292, 82.04.4293, and 82.16.040; adding a
3 new section to chapter 82.04 RCW; and providing an effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 82.04.300 and 1983 c 3 s 213 are each amended to read
6 as follows:

7 This chapter shall apply to any person engaging in any business
8 activity taxable under RCW 82.04.230, 82.04.240, 82.04.250, 82.04.260,
9 82.04.270, 82.04.280 and 82.04.290 other than those whose value of
10 products, gross proceeds of sales, or gross income of the business is
11 less than ((one)) four thousand two hundred dollars per month:
12 PROVIDED, That where one person engages in more than one business
13 activity and the combined measures of the tax applicable to such
14 businesses equal or exceed ((one)) four thousand two hundred dollars

1 per month, no exemption or deduction from the amount of tax is allowed
2 by this section.

3 Any person claiming exemption under the provisions of this section
4 may be required to file returns even though no tax may be due:
5 PROVIDED, FURTHER, That the department of revenue may allow exemptions,
6 by general rule or regulation, in those instances in which quarterly,
7 semiannual, or annual returns are permitted. Exemptions for such
8 periods shall be equivalent in amount to the total of exemptions for
9 each month of a reporting period.

10 **Sec. 2.** RCW 82.04.4281 and 1980 c 37 s 2 are each amended to read
11 as follows:

12 (1) In computing tax there may be deducted from the measure of tax
13 amounts derived by persons~~((, other than those engaging in banking,~~
14 ~~loan, security, or other financial businesses,))~~ from investments or
15 the use of money as such, ~~((and also))~~ except:

16 (a) Amounts derived by persons engaging in banking, loan, security,
17 or other financial businesses.

18 (b) Amounts derived by any person as interest income, dividend
19 income, gains realized from trading in stocks, bonds, or other
20 evidences of indebtedness, or gains realized from sales of real
21 property.

22 (2) In computing tax there may be deducted from the measure of tax
23 amounts derived as dividends by a parent from its subsidiary
24 corporations.

25 **Sec. 3.** RCW 82.04.4292 and 1980 c 37 s 12 are each amended to read
26 as follows:

27 In computing tax there may be deducted from the measure of tax ~~((by~~
28 ~~those engaged in banking, loan, security or other financial~~

1 ~~businesses,~~) amounts derived from interest received on investments or
2 loans primarily secured by first mortgages or trust deeds on
3 nontransient residential properties.

4 **Sec. 4.** RCW 82.04.4293 and 1980 c 37 s 13 are each amended to read
5 as follows:

6 In computing tax there may be deducted from the measure of tax (~~by~~
7 ~~those engaged in banking, loan, security or other financial~~
8 ~~businesses,~~) amounts derived from interest paid on all obligations of
9 the state of Washington, its political subdivisions, and municipal
10 corporations organized pursuant to the laws thereof.

11 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.04 RCW
12 to read as follows:

13 This chapter shall not apply to income accrued by an employee
14 benefit plan. For purposes of this section, "employee benefit plan"
15 means any plan, trust, or custodial arrangement that is subject to the
16 Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C.
17 Sec. 1001 et seq., or that is described in sections 125, 401, 403, 408,
18 457, 501(c)(9), 501(c)(17) through (23) of the Internal Revenue Code of
19 1986, as amended, or similar plan maintained by state or local
20 governments, or plans, trusts, or custodial arrangements established to
21 self-insure benefits required by federal, state, or local law.

22 **Sec. 6.** RCW 82.16.040 and 1961 c 15 s 82.16.040 are each amended
23 to read as follows:

24 The provisions of this chapter shall not apply to persons engaging
25 in one or more businesses taxable under this chapter whose total gross
26 income is less than (~~five~~) two thousand one hundred dollars for a
27 monthly period or portion thereof. Any person claiming exemption under

1 this section may be required to file returns even though no tax may be
2 due. If the total gross income for a taxable monthly period is
3 ((five)) two thousand one hundred dollars, or more, no exemption or
4 deductions from the gross operating revenue is allowed by this
5 provision.

6 NEW SECTION. **Sec. 7.** This act shall take effect on July 1,
7 1992.