
SENATE BILL 6449

State of Washington

55th Legislature

1998 Regular Session

By Senators West, Anderson, Kohl, T. Sheldon, Jacobsen, Goings and Winsley; by request of Governor Locke

Read first time 01/19/98. Referred to Committee on Ways & Means.

1 AN ACT Relating to the business and occupation taxation of income
2 in the nature of royalties for the use of intangible rights; amending
3 RCW 82.04.290; adding a new section to chapter 82.04 RCW; and providing
4 an effective date.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
7 to read as follows:

8 Upon every person engaging within this state in the business of
9 receiving income from royalties or charges in the nature of royalties
10 for the granting of intangible rights, such as copyrights, licenses,
11 patents, or franchise fees, the amount of tax with respect to such
12 business shall be equal to the gross income from royalties or charges
13 in the nature of royalties from the business multiplied by the rate of
14 0.484 percent.

15 "Royalties" means compensation for the use of intangible property,
16 such as copyrights, patents, licenses, franchises, trademarks, trade
17 names, and similar items. It does not include compensation for any
18 natural resource.

1 **Sec. 2.** RCW 82.04.290 and 1997 c 7 s 2 are each amended to read as
2 follows:

3 (1) Upon every person engaging within this state in the business of
4 providing international investment management services, as to such
5 persons, the amount of tax with respect to such business shall be equal
6 to the gross income or gross proceeds of sales of the business
7 multiplied by a rate of 0.275 percent.

8 (2) Upon every person engaging within this state in any business
9 activity other than or in addition to those enumerated in RCW
10 82.04.230, 82.04.240, 82.04.250, 82.04.255, 82.04.260, 82.04.270,
11 (~~and~~) 82.04.280, section 1 of this act, and subsection (1) of this
12 section; as to such persons the amount of tax on account of such
13 activities shall be equal to the gross income of the business
14 multiplied by the rate of 1.5 percent.

15 This section includes, among others, and without limiting the scope
16 hereof (whether or not title to materials used in the performance of
17 such business passes to another by accession, confusion or other than
18 by outright sale), persons engaged in the business of rendering any
19 type of service which does not constitute a "sale at retail" or a "sale
20 at wholesale." The value of advertising, demonstration, and
21 promotional supplies and materials furnished to an agent by his
22 principal or supplier to be used for informational, educational and
23 promotional purposes shall not be considered a part of the agent's
24 remuneration or commission and shall not be subject to taxation under
25 this section.

26 NEW SECTION. **Sec. 3.** This act takes effect July 1, 1998.

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