
ENGROSSED HOUSE BILL 1023

State of Washington

54th Legislature

1995 Regular Session

By Representatives B. Thomas, Foreman, Chandler, Lisk, Cooke, Carlson, Brumsickle, Silver, Ballasiotes, Dyer, Sherstad, Dellwo, Benton, Skinner, Kremen, Hargrove, Tokuda, Costa, Horn, Delvin, Schoesler, Buck, Johnson, Thompson, Beeksma, Goldsmith, Radcliff, Hickel, Backlund, Crouse, Cairnes, Elliot, Reams, Pennington, Mastin, Carrell, Mitchell, K. Schmidt, Quall, Chappell, G. Fisher, Grant, Smith, Robertson, Sehlin, Honeyford, Van Luven, Pelesky, Blanton, Koster, Lambert, D. Schmidt, Mulliken, Boldt, McMorris, Clements, Fuhrman, Campbell, L. Thomas, Huff, Mielke, Talcott, McMahan, Stevens, Morris, Hymes and Casada

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1 AN ACT Relating to reducing business and occupation tax rates;
2 amending RCW 82.04.255, 82.04.290, and 82.62.030; adding a new section
3 to chapter 82.04 RCW; providing an effective date; and declaring an
4 emergency.

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

6 **Sec. 1.** RCW 82.04.255 and 1993 sp.s. c 25 s 202 are each amended
7 to read as follows:

8 Upon every person engaging within the state as a real estate
9 broker; as to such persons, the amount of the tax with respect to such
10 business shall be equal to the gross income of the business, multiplied
11 by the rate of (~~2.0~~) 1.75 percent.

12 The measure of the tax on real estate commissions earned by the
13 real estate broker shall be the gross commission earned by the
14 particular real estate brokerage office including that portion of the
15 commission paid to salesmen or associate brokers in the same office on
16 a particular transaction: PROVIDED, HOWEVER, That where a real estate
17 commission is divided between an originating brokerage office and a
18 cooperating brokerage office on a particular transaction, each
19 brokerage office shall pay the tax only upon their respective shares of

1 said commission: AND PROVIDED FURTHER, That where the brokerage office
2 has paid the tax as provided herein, salesmen or associate brokers
3 within the same brokerage office shall not be required to pay a similar
4 tax upon the same transaction.

5 **Sec. 2.** RCW 82.04.290 and 1995 c 229 s 3 are each amended to read
6 as follows:

7 (1) Upon every person engaging within this state in the business of
8 providing selected business services other than or in addition to those
9 enumerated in RCW 82.04.250 or 82.04.270; as to such persons the amount
10 of tax on account of such activities shall be equal to the gross income
11 of the business multiplied by the rate of (~~(2.5)~~) 2.0 percent.

12 (2) Upon every person engaging within this state in banking, loan,
13 security, investment management, investment advisory, or other
14 financial businesses, other than or in addition to those enumerated in
15 subsection (3) of this section; as to such persons, the amount of the
16 tax with respect to such business shall be equal to the gross income of
17 the business, multiplied by the rate of (~~(1.70)~~) 1.6 percent.

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

23 (4) Upon every person engaging within this state in any business
24 activity other than or in addition to those enumerated in RCW
25 82.04.230, 82.04.240, 82.04.250, 82.04.255, 82.04.260, 82.04.270, and
26 82.04.280, and subsections (1), (2), and (3) of this section; as to
27 such persons the amount of tax on account of such activities shall be
28 equal to the gross income of the business multiplied by the rate of
29 (~~(2.0)~~) 1.75 percent.

30 This section includes, among others, and without limiting the scope
31 hereof (whether or not title to materials used in the performance of
32 such business passes to another by accession, confusion or other than
33 by outright sale), persons engaged in the business of rendering any
34 type of service which does not constitute a "sale at retail" or a "sale
35 at wholesale." The value of advertising, demonstration, and
36 promotional supplies and materials furnished to an agent by his
37 principal or supplier to be used for informational, educational and
38 promotional purposes shall not be considered a part of the agent's

1 remuneration or commission and shall not be subject to taxation under
2 this section.

3 **Sec. 3.** RCW 82.62.030 and 1986 c 116 s 17 are each amended to read
4 as follows:

5 (1) A person shall be allowed a credit against the tax due under
6 chapter 82.04 RCW (~~of an amount equal to~~) as provided in this
7 section. For an application approved before January 1, 1996, the
8 credit shall equal one thousand dollars for each qualified employment
9 position directly created in an eligible business project. For an
10 application approved on or after January 1, 1996, the credit shall
11 equal two thousand dollars for each qualified employment position
12 directly created in an eligible business project.

13 (2) The department shall keep a running total of all credits
14 granted under this chapter during each fiscal biennium. The department
15 shall not allow any credits which would cause the tabulation for a
16 biennium to exceed fifteen million dollars. If all or part of an
17 application for credit is disallowed under this subsection, the
18 disallowed portion shall be carried over for approval the next
19 biennium. However, the applicant's carryover into the next biennium is
20 only permitted if the tabulation for the next biennium does not exceed
21 fifteen million dollars as of the date on which the department has
22 disallowed the application.

23 (3) No recipient is eligible for tax credits in excess of three
24 hundred thousand dollars.

25 (4) No recipient may use the tax credits to decertify a union or to
26 displace existing jobs in any community in the state.

27 (5) No recipient may receive a tax credit on taxes which have not
28 been paid during the taxable year.

29 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.04 RCW
30 to read as follows:

31 (1) There may be credited against the tax imposed by this chapter,
32 the value of state-approved, employer-provided or sponsored job
33 training services designed to enhance the job-related performance of
34 employees, for those businesses eligible for a tax deferral under
35 chapter 82.60 RCW.

36 (2) The value of the state-approved, job training services provided
37 by the employer to the employee, without charge, shall be determined by

1 the allocation of the cost method using generally accepted accounting
2 standards.

3 (3) The credit allowed under this section shall be limited to an
4 amount equal to twenty percent of the value of the state-approved, job
5 training services determined under subsection (2) of this section. The
6 total credits allowed under this section for a business shall not
7 exceed five thousand dollars per calendar year.

8 (4) Prior to claiming the credit under this section, the business
9 must obtain approval of the proposed job training service from the
10 employment security department. The employer's request for approval
11 must include a description of the proposed job training service, how
12 the job training will enhance the employee's performance, and the cost
13 of the proposed job training.

14 (5) This section only applies to training in respect to eligible
15 business projects for which an application is approved on or after
16 October 1, 1995.

17 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
18 preservation of the public peace, health, or safety, or support of the
19 state government and its existing public institutions, and shall take
20 effect July 1, 1995.

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