

---

HOUSE BILL 2211

---

State of Washington

54th Legislature

1996 Regular Session

By Representatives B. Thomas, Schoesler, Mastin, Radcliff, Dyer, Koster, Carrell, Campbell, Smith, Huff, Horn, L. Thomas, Hickel, Thompson, Cooke, Boldt, Goldsmith, Backlund, Hargrove and Benton

Read first time 01/08/96. Referred to Committee on Finance.

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 the effective date of this  
8 section, the credit shall equal one thousand dollars for each qualified  
9 employment position directly created in an eligible business project.  
10 For an application approved on or after the effective date of this  
11 section, the credit shall equal two thousand dollars for each qualified  
12 employment position 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 NEW SECTION. **Sec. 5.** This act is necessary for the immediate  
15 preservation of the public peace, health, or safety, or support of the  
16 state government and its existing public institutions, and shall take  
17 effect April 1, 1996.

--- END ---