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HOUSE BILL 2955

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State of Washington

54th Legislature

1996 Regular Session

By Representative Sheldon

Read first time 03/07/96. Referred to Committee on .

1 AN ACT Relating to eliminating the 1993 business and occupation tax  
2 rate increases on services; amending RCW 82.04.255, 82.04.290, and  
3 82.04.2201; repealing RCW 82.04.055; and providing an effective date.

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

5 **Sec. 1.** RCW 82.04.255 and 1996 c 1 s 1 are each amended to read as  
6 follows:

7 Upon every person engaging within the state as a real estate  
8 broker; as to such persons, the amount of the tax with respect to such  
9 business shall be equal to the gross income of the business, multiplied  
10 by the rate of (~~1.75~~) 1.5 percent.

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

1 has paid the tax as provided herein, salesmen or associate brokers  
2 within the same brokerage office shall not be required to pay a similar  
3 tax upon the same transaction.

4 **Sec. 2.** RCW 82.04.290 and 1996 c 1 s 2 are each amended to read as  
5 follows:

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

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

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

22 ~~((4))~~ (2) Upon every person engaging within this state in any  
23 business activity other than or in addition to those enumerated in RCW  
24 82.04.230, 82.04.240, 82.04.250, 82.04.255, 82.04.260, 82.04.270, and  
25 82.04.280, and subsection~~((s))~~ ~~(1)((, (2), and (3))~~ of this section;  
26 as to such persons the amount of tax on account of such activities  
27 shall be equal to the gross income of the business multiplied by the  
28 rate of ~~((1.75))~~ 1.5 percent.

29 This section includes, among others, and without limiting the scope  
30 hereof (whether or not title to materials used in the performance of  
31 such business passes to another by accession, confusion or other than  
32 by outright sale), persons engaged in the business of rendering any  
33 type of service which does not constitute a "sale at retail" or a "sale  
34 at wholesale." The value of advertising, demonstration, and  
35 promotional supplies and materials furnished to an agent by his  
36 principal or supplier to be used for informational, educational and  
37 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 82.04.2201 and 1995 c 229 s 2 are each amended to read  
4 as follows:

5       There is levied and shall be collected for the period July 1, 1993,  
6 through June 30, 1997, from every person for the act or privilege of  
7 engaging in business activities, as a part of the tax imposed under RCW  
8 82.04.220 through ((82.04.280 and)) 82.04.290 ((-3- and -4-)), except  
9 RCW 82.04.250(1) and 82.04.260(15), an additional tax equal to 4.5  
10 percent multiplied by the tax payable under those sections.

11       To facilitate collection of these additional taxes, the department  
12 of revenue is authorized to adjust the basic rates of persons to which  
13 this section applies in such manner as to reflect the amount to the  
14 nearest one-thousandth of one percent of the additional tax hereby  
15 imposed, adjusting ten-thousandths equal to or greater than five ten-  
16 thousandths to the greater thousandth.

17       NEW SECTION. **Sec. 4.** RCW 82.04.055 and 1993 sp.s. c 25 s 201 are  
18 each repealed.

19       NEW SECTION. **Sec. 5.** This act shall take effect July 1, 1996.

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