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SENATE BILL 5195

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State of Washington                      55th Legislature                      1997 Regular Session

By Senators Deccio and Newhouse; by request of Department of Revenue

Read first time 01/20/97. Referred to Committee on Ways & Means.

1            AN ACT Relating to the taxation of membership sales in discount  
2 programs; adding a new section to chapter 82.04 RCW; adding a new  
3 section to chapter 82.08 RCW; adding a new section to chapter 82.12  
4 RCW; providing an effective date; and declaring an emergency.

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 be codified between RCW 82.04.220 and 82.04.290 to read as follows:

8            (1) Upon every person engaging within this state in the business of  
9 selling memberships in a qualifying discount program; as to such  
10 persons the amount of the tax with respect to such business shall be  
11 equal to the value of the gross income of the business multiplied by  
12 the rate of 0.471 percent.

13            (2) For the purposes of this chapter, "qualifying discount program"  
14 means a membership program, club, or plan that entitles the member to  
15 discounts on services or products sold by others. The term does not  
16 include any discount program which in part or in total entitles the  
17 member to discounts on services or products sold by the seller of the  
18 membership or an affiliate of the seller of the membership.  
19 "Affiliate," for the purposes of this section, means any person who

1 directly, or indirectly through one or more intermediaries, controls,  
2 or is controlled by, or is under common control with, the seller.

3 (3) Persons subject to taxation under this section are not subject  
4 to payment of tax on that portion of the membership sales where the  
5 seller delivers the membership materials to the purchaser who receives  
6 them at a point outside this state.

7 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08 RCW  
8 to read as follows:

9 The tax levied by RCW 82.08.020 shall not apply to sales of  
10 membership materials to be provided to members of a qualifying discount  
11 program, as defined in section 1 of this act. "Membership materials"  
12 include, but are not necessarily limited to, coupon books,  
13 participating vendor directories, and membership identification cards.

14 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12 RCW  
15 to read as follows:

16 The provisions of this chapter shall not apply to the use of  
17 membership materials by a member of a qualifying discount program, as  
18 defined in section 1 of this act. "Membership materials" include, but  
19 are not necessarily limited to, coupon books, participating vendor  
20 directories, and membership identification cards.

21 NEW SECTION. **Sec. 4.** This act is necessary for the immediate  
22 preservation of the public peace, health, or safety, or support of the  
23 state government and its existing public institutions, and takes effect  
24 July 1, 1997.

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