BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #:   S-4856.1/02

ATTY/TYPIST: JM:mos

BRIEF DESCRIPTION:

2 **ESHB 2658** - S AMD TO WM COMM AMD (S-4607.1/02)
3   By Senator Finkbeiner

4

5   On page 10, after line 24 of the amendment, insert the following:

6   "NEW SECTION. **Sec. 15.** (1) Cities, code cities, and towns may not
7 impose a business and occupation tax measured by "gross proceeds of
8 sales," "gross income of the business," or "value proceeding or
9 accruing," as those terms are used in chapter 82.04 RCW, on the
10 activity of creating intellectual property unless the city, code city,
11 or town imposed such a tax on January 1, 2002. Effective January 1,
12 2003, all cities, code cities, and towns are prohibited from imposing
13 a tax measured by "gross proceeds of sales," "gross income of the
14 business," or "value proceeding or accruing," as those terms are used
15 in chapter 82.04 RCW, upon any intellectual property creating activity
16 as a taxable incident. For purposes of this section, "intellectual
17 property creating activity" means research, development, authorship,
18 creation, or general or specific inventive activity without regard to
19 whether the intellectual property creating activity actually results in
20 the creation of patents, trademarks, trade secrets, subject matter
21 subject to copyright, or other intellectual property.
22   (2) It is the intent of the legislature in enacting this section to
23 distinguish between nontaxable activity undertaken by a business for
24 which the business receives no gross income in the form of payments,
25 contract amounts, fees, or other income, and taxable activity for which
26 the business receives gross income from goods or services that it has
27 sold or receives royalty income which may be taxed only in the city,
28 code city, or town in which the business is domiciled."

29   Renumber the remaining sections consecutively.

30   On page 10, line 27 of the amendment, after "10" strike "and 14"
31 and insert ", 14, and 15"

--- **END** ---