

SB 6384 - S AMD
By Senator

1 On page 3, after line 4, insert the following:

2 "Sec. 3. RCW 82.04.4281 and 2002 c -- s 2 (this act) are each
3 amended to read as follows:

4 ~~((1))~~ In computing tax there may be deducted from the measure of
5 tax(~~(~~

6 ~~(a))~~ amounts derived by persons, other than those engaging in
7 banking, loan, security, or other financial businesses, from
8 investments(~~(~~and

9 ~~(b))~~ or the use of money as such, and also amounts derived as
10 dividends (~~(or distributions from capital account))~~ by a parent from
11 its subsidiary (~~(entities))~~ corporations.

12 ~~((2) The following are not deductible under subsection (1)(a) of~~
13 ~~this section:~~

14 ~~(a) Amounts received from loans or the extension of credit to~~
15 ~~another, revolving credit arrangements, installment sales, the~~
16 ~~acceptance of payment over time for goods or services, or any of the~~
17 ~~foregoing that have been transferred by the originator of the same to~~
18 ~~an affiliate of the transferor; or~~

19 ~~(b) Amounts received by a banking, lending, or security business.~~

20 ~~(3) The definitions in this subsection apply only to this section.~~

21 ~~(a) "Banking business" means a person engaging in business as a~~
22 ~~national or state chartered bank, a mutual savings bank, a savings and~~
23 ~~loan association, a trust company, an alien bank, a foreign bank, a~~
24 ~~credit union, a stock savings bank, or a similar entity that is~~
25 ~~chartered under Title 30, 31, 32, or 33 RCW, or organized under Title~~
26 ~~12 U.S.C.~~

27 ~~(b) "Lending business" means a person engaged in the business of~~
28 ~~making secured or unsecured loans of money, or extending credit, and~~
29 ~~(i) more than one half of the person's gross income is earned from such~~
30 ~~activities and (ii) more than one half of the person's total~~
31 ~~expenditures are incurred in support of such activities.~~

1 ~~(c) The terms "loan" and "extension of credit" do not include~~
2 ~~ownership of or trading in publicly traded debt instruments, or~~
3 ~~substantially equivalent instruments offered in a private placement.~~

4 ~~(d) "Security business" means a person, other than an issuer, who~~
5 ~~is engaged in the business of effecting transactions in securities as~~
6 ~~a broker, dealer, or broker-dealer, as those terms are defined in the~~
7 ~~securities act of Washington, chapter 21.20 RCW, or the federal~~
8 ~~securities act of 1933. "Security business" does not include any~~
9 ~~company excluded from the definition of broker or dealer under the~~
10 ~~federal investment company act of 1940 or any entity that is not an~~
11 ~~investment company by reason of sections 3(c)(1) and 3(c)(3) through~~
12 ~~3(c)(14) thereof.)~~

13 NEW SECTION. **Sec.**

14 **4.** Section 2 of this act expires July 1, 2006.

15 NEW SECTION. **Sec.**

16 **5.** Section 3 of this act takes effect July 1, 2006."

17 Renumber the sections consecutively and correct any internal
18 references accordingly.

--- END ---

EFFECT: Sunsets the act in 4 years.