

CERTIFICATION OF ENROLLMENT  
**SUBSTITUTE HOUSE BILL 2031**

57th Legislature  
2002 Regular Session

Passed by the House February 15, 2002  
Yeas 98 Nays 0

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**Speaker of the House of Representatives**

Passed by the Senate March 8, 2002  
Yeas 42 Nays 5

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**President of the Senate**

Approved

\_\_\_\_\_  
**Governor of the State of Washington**

CERTIFICATE

I, Cynthia Zehnder, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2031** as passed by the House of Representatives and the Senate on the dates hereon set forth.

\_\_\_\_\_  
**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 2031**

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Passed Legislature - 2002 Regular Session

**State of Washington**

**57th Legislature**

**2002 Regular Session**

**By** House Committee on Finance (originally sponsored by Representatives Cairnes, Crouse, Poulsen, Morris, Reardon, Delvin and Barlean)

Read first time 02/11/2002. Referred to Committee on .

1 AN ACT Relating to limiting the taxation of payphone services;  
2 amending RCW 35.21.710, 35.21.712, 35A.82.050, and 35A.82.055; and  
3 providing an effective date.

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

5 **Sec. 1.** RCW 35.21.710 and 1983 2nd ex.s. c 3 s 33 are each amended  
6 to read as follows:

7 Any city which imposes a license fee or tax upon business  
8 activities consisting of the making of retail sales of tangible  
9 personal property which are measured by gross receipts or gross income  
10 from such sales, shall impose such tax at a single uniform rate upon  
11 all such business activities. The taxing authority granted to cities  
12 for taxes upon business activities measured by gross receipts or gross  
13 income from sales shall not exceed a rate of .0020; except that any  
14 city with an adopted ordinance at a higher rate, as of January 1, 1982  
15 shall be limited to a maximum increase of ten percent of the January  
16 1982 rate, not to exceed an annual incremental increase of two percent  
17 of current rate: PROVIDED, That any adopted ordinance which classifies  
18 according to different types of business or services shall be subject  
19 to both the ten percent and the two percent annual incremental increase

1 limitation on each tax rate: PROVIDED FURTHER, That all surtaxes on  
2 business and occupation classifications in effect as of January 1,  
3 1982, shall expire no later than December 31, 1982, or by expiration  
4 date established by local ordinance. Cities which impose a license fee  
5 or tax upon business activities consisting of the making of retail  
6 sales of tangible personal property which are measured by gross  
7 receipts or gross income from such sales shall be required to submit an  
8 annual report to the state auditor identifying the rate established and  
9 the revenues received from each fee or tax. This section shall not  
10 apply to any business activities subject to the tax imposed by chapter  
11 82.16 RCW. For purposes of this section, the providing to consumers of  
12 competitive telephone service, as defined in RCW 82.04.065, or the  
13 providing of payphone service, shall be (~~deemed to be the~~) subject to  
14 tax at the same rate as business activities consisting of the making of  
15 retail sales of tangible personal property. As used in this section,  
16 "payphone service" means making telephone service available to the  
17 public on a fee-per-call basis, independent of any other commercial  
18 transaction, for the purpose of making telephone calls, when the  
19 telephone can only be activated by inserting coins, calling collect,  
20 using a calling card or credit card, or dialing a toll-free number, and  
21 the provider of the service owns or leases the telephone equipment but  
22 does not own the telephone line providing the service to that equipment  
23 and has no affiliation with the owner of the telephone line.

24 **Sec. 2.** RCW 35.21.712 and 1983 2nd ex.s. c 3 s 35 are each amended  
25 to read as follows:

26 Any city which imposes a license fee or tax upon the business  
27 activity of engaging in the telephone business, as defined in RCW  
28 82.04.065, which is measured by gross receipts or gross income from the  
29 business shall impose the tax at a uniform rate on all persons engaged  
30 in the telephone business in the city.

31 This section does not apply to the providing of competitive  
32 telephone service as defined in RCW 82.04.065 or to the providing of  
33 payphone service as defined in RCW 35.21.710.

34 **Sec. 3.** RCW 35A.82.050 and 1983 2nd ex.s. c 3 s 34 are each  
35 amended to read as follows:

36 Any code city which imposes a license fee or tax upon business  
37 activities consisting of the making of retail sales of tangible

1 personal property which are measured by gross receipts or gross income  
2 from such sales, shall impose such tax at a single uniform rate upon  
3 all such business activities. This section shall not apply to any  
4 business activities subject to the tax imposed by chapter 82.16 RCW.  
5 For purposes of this section, the providing to consumers of competitive  
6 telephone service, as defined in RCW 82.04.065, or the providing of  
7 payphone service as defined in RCW 35.21.710, shall be (~~deemed to be~~  
8 ~~the~~) subject to tax at the same rate as business activities consisting  
9 of the making of retail sales of tangible personal property.

10 **Sec. 4.** RCW 35A.82.055 and 1983 2nd ex.s. c 3 s 36 are each  
11 amended to read as follows:

12 Any code city which imposes a license fee or tax upon the business  
13 activity of engaging in the telephone business, as defined in RCW  
14 82.04.065, which is measured by gross receipts or gross income from the  
15 business shall impose the tax at a uniform rate on all persons engaged  
16 in the telephone business in the code city.

17 This section does not apply to the providing of competitive  
18 telephone service as defined in RCW 82.04.065 or to the providing of  
19 payphone service as defined in RCW 35.21.710.

20 NEW SECTION. **Sec. 5.** This act takes effect July 1, 2002.

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