
SUBSTITUTE HOUSE BILL 2132

State of Washington 52nd Legislature 1991 Regular Session

By House Committee on Revenue (originally sponsored by Representatives Wang, Holland, Morris, Silver, Appelwick, McLean, May, Zellinsky and Bowman).

Read first time March 6, 1991.

1 AN ACT Relating to business and occupation taxation of insurance
2 salespersons; amending RCW 82.04.360; creating a new section; providing
3 an effective date; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** (1) The legislature finds:

6 (a) The existing state policy is to exempt employees from the
7 business and occupation tax.

8 (b) It has been difficult to distinguish, for business and
9 occupation tax purposes, between independent contractors and employees
10 who are in the business of selling life insurance. The tests commonly
11 used by the department of revenue to determine tax status have not
12 successfully differentiated employees from independent contractors when
13 applied to the life insurance industry.

14 (2) The intent of this act is to apply federal tax law and rules to
15 distinguish between employees and independent contractors for business

1 and occupation tax purposes, solely for the unique business of selling
2 life insurance.

3 **Sec. 2.** RCW 82.04.360 and 1961 c 15 s 82.04.360 are each amended
4 to read as follows:

5 This chapter shall not apply to any person in respect to his
6 employment in the capacity of an employee or servant as distinguished
7 from that of an independent contractor. For the purposes of this
8 section, the definition of employee shall include those persons that
9 are defined in Section 3121(d)(3)(B) of the Internal Revenue Code of
10 1986, as amended through January 1, 1991.

11 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
12 preservation of the public peace, health, or safety, or support of the
13 state government and its existing public institutions, and shall take
14 effect July 1, 1991.