

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE SENATE BILL 5286

55th Legislature
1997 Regular Session

Passed by the Senate April 15, 1997
YEAS 30 NAYS 19

President of the Senate

Passed by the House April 9, 1997
YEAS 71 NAYS 27

**Speaker of the
House of Representatives**

Approved

Governor of the State of Washington

CERTIFICATE

I, Mike O Connell, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 5286** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE SENATE BILL 5286

AS AMENDED BY THE HOUSE

Passed Legislature - 1997 Regular Session

State of Washington 55th Legislature 1997 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Horn, Benton, West, McCaslin, Wood, Prince, Roach, McDonald, Hale, Sellar, Anderson, Deccio, Johnson, Oke, Morton, Zarelli, Swecker, Hochstatter, Schow and Strannigan)

Read first time 03/10/97.

1 AN ACT Relating to intangible personal property; amending RCW
2 84.36.070; adding a new section to chapter 84.48 RCW; and creating new
3 sections.

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

5 **Sec. 1.** RCW 84.36.070 and 1974 ex.s. c 118 s 1 are each amended to
6 read as follows:

7 (~~The following~~) (1) Intangible personal property (~~shall be~~) is
8 exempt from ad valorem taxation(~~(÷)~~).

9 (2) "Intangible personal property" means:

10 (a) All moneys and credits including mortgages, notes, accounts,
11 certificates of deposit, tax certificates, judgments, state, county and
12 municipal bonds and warrants and bonds and warrants of other taxing
13 districts, bonds of the United States and of foreign countries or
14 political subdivisions thereof and the bonds, stocks, or shares of
15 private corporations(~~(-)~~);

16 (b) Private nongovernmental personal service contracts (~~or~~),
17 private nongovernmental athletic or sports franchises, or private
18 nongovernmental athletic or sports agreements provided that (~~such~~)
19 the contracts, franchises, or agreements do not pertain to the use or

1 possession of tangible personal or real property or to any interest in
2 tangible personal or real property; and

3 (c) Other intangible personal property such as trademarks, trade
4 names, brand names, patents, copyrights, trade secrets, franchise
5 agreements, licenses, permits, core deposits of financial institutions,
6 noncompete agreements, customer lists, patient lists, favorable
7 contracts, favorable financing agreements, reputation, exceptional
8 management, prestige, good name, or integrity of a business.

9 (3) "Intangible personal property" does not include zoning,
10 location, view, geographic features, easements, covenants, proximity to
11 raw materials, condition of surrounding property, proximity to markets,
12 the availability of a skilled work force, and other characteristics or
13 attributes of property.

14 (4) This section does not preclude the use of, or permit a
15 departure from, generally accepted appraisal practices and the
16 appropriate application thereof in the valuation of real and tangible
17 personal property, including the appropriate consideration of licenses,
18 permits, and franchises granted by a government agency that affect the
19 use of the property.

20 NEW SECTION. Sec. 2. A new section is added to chapter 84.48 RCW
21 to read as follows:

22 (1) In equalizing personal property as of January 1, 1998, the
23 department shall treat intangible personal property in the same manner
24 as intangible personal property is to be treated after the effective
25 date of this act.

26 (2) This section expires December 31, 1998.

27 NEW SECTION. Sec. 3. This act shall not be construed to amend or
28 modify any existing statute or rule relating to the treatment of
29 computer software, retained rights in computer software, and golden and
30 master copies of computer software for property tax purposes.

31 NEW SECTION. Sec. 4. Nothing in this act is intended to
32 incorporate and nothing in this act is based on any other state's
33 statutory or case law.

34 NEW SECTION. Sec. 5. If any provision of this act or its
35 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other
2 persons or circumstances is not affected.

3 NEW SECTION. **Sec. 6.** This act is effective for taxes levied for
4 collection in 1999 and thereafter.

5 NEW SECTION. **Sec. 7.** By December 1, 2000, the department of
6 revenue shall submit a report to the house finance committee, the
7 senate ways and means committee, and the office of the governor on tax
8 shifts, tax losses, and any litigation resulting from this act.

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