

CERTIFICATION OF ENROLLMENT

**SENATE BILL 6449**

Chapter 331, Laws of 1998

55th Legislature  
1998 Regular Session

ROYALTIES FOR THE USE OF INTANGIBLE RIGHTS--BUSINESS AND  
OCCUPATION TAX RATE

EFFECTIVE DATE: 7/1/98

Passed by the Senate February 13, 1998  
YEAS 48 NAYS 0

BRAD OWEN

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**President of the Senate**

Passed by the House March 10, 1998  
YEAS 94 NAYS 0

CLYDE BALLARD

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**Speaker of the  
House of Representatives**

Approved April 3, 1998

CERTIFICATE

I, Mike O Connell, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 6449** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MIKE O'CONNELL

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**Secretary**

FILED

April 3, 1998 - 3:08 p.m.

GARY LOCKE

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**Governor of the State of Washington**

**Secretary of State  
State of Washington**

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**SENATE BILL 6449**

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Passed Legislature - 1998 Regular Session

**State of Washington                      55th Legislature                      1998 Regular Session**

**By** Senators West, Anderson, Kohl, T. Sheldon, Jacobsen, Goings and Winsley; by request of Governor Locke

Read first time 01/19/98. Referred to Committee on Ways & Means.

1            AN ACT Relating to the business and occupation taxation of income  
2 in the nature of royalties for the use of intangible rights; amending  
3 RCW 82.04.290; adding a new section to chapter 82.04 RCW; and providing  
4 an effective date.

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

6            NEW SECTION.    **Sec. 1.** A new section is added to chapter 82.04 RCW  
7 to read as follows:

8            Upon every person engaging within this state in the business of  
9 receiving income from royalties or charges in the nature of royalties  
10 for the granting of intangible rights, such as copyrights, licenses,  
11 patents, or franchise fees, the amount of tax with respect to such  
12 business shall be equal to the gross income from royalties or charges  
13 in the nature of royalties from the business multiplied by the rate of  
14 0.484 percent.

15            "Royalties" means compensation for the use of intangible property,  
16 such as copyrights, patents, licenses, franchises, trademarks, trade  
17 names, and similar items. It does not include compensation for any  
18 natural resource.

1       **Sec. 2.** RCW 82.04.290 and 1997 c 7 s 2 are each amended to read as  
2 follows:

3       (1) Upon every person engaging within this state in the business of  
4 providing international investment management services, as to such  
5 persons, the amount of tax with respect to such business shall be equal  
6 to the gross income or gross proceeds of sales of the business  
7 multiplied by a rate of 0.275 percent.

8       (2) Upon every person engaging within this state in any business  
9 activity other than or in addition to those enumerated in RCW  
10 82.04.230, 82.04.240, 82.04.250, 82.04.255, 82.04.260, 82.04.270,  
11 (~~and~~) 82.04.280, section 1 of this act, and subsection (1) of this  
12 section; as to such persons the amount of tax on account of such  
13 activities shall be equal to the gross income of the business  
14 multiplied by the rate of 1.5 percent.

15       This section includes, among others, and without limiting the scope  
16 hereof (whether or not title to materials used in the performance of  
17 such business passes to another by accession, confusion or other than  
18 by outright sale), persons engaged in the business of rendering any  
19 type of service which does not constitute a "sale at retail" or a "sale  
20 at wholesale." The value of advertising, demonstration, and  
21 promotional supplies and materials furnished to an agent by his  
22 principal or supplier to be used for informational, educational and  
23 promotional purposes shall not be considered a part of the agent's  
24 remuneration or commission and shall not be subject to taxation under  
25 this section.

26       NEW SECTION.   **Sec. 3.** This act takes effect July 1, 1998.

Passed the Senate February 13, 1998.

Passed the House March 10, 1998.

Approved by the Governor April 3, 1998.

Filed in Office of Secretary of State April 3, 1998.