

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2031

Chapter 179, Laws of 2002

57th Legislature
2002 Regular Session

TAXATION--PAYPHONE SERVICES

EFFECTIVE DATE: 7/1/02

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

FRANK CHOPP
**Speaker of the House of
Representatives**

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

BRAD OWEN
President of the Senate

Approved March 27, 2002

GARY LOCKE
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.

CYNTHIA ZEHNDER
Chief Clerk

FILED

March 27, 2002 - 8:59 a.m.

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 2031

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.

Passed the House February 15, 2002.

Passed the Senate March 8, 2002.

Approved by the Governor March 27, 2002.

Filed in Office of Secretary of State March 27, 2002.