

6637

Sponsor(s): Senators Zarelli and Prentice

Brief Description: Regarding apportionment of gross income taxable under RCW 82.04.290 for entities engaging in business activities both within and outside this state.

SB 6637 - DIGEST

Finds that, in order to comply with the interstate commerce clause for apportionment purposes, the department of revenue has construed the phrase "maintaining a place of business" in existing law to mean engaging in activities that would subject a taxpayer to tax under chapter 82.04 RCW if performed in this state.

Finds that one area in which apportionment problems arise is with regard to service activities provided by internet service providers engaging in business activities inside and outside Washington. Internet service providers engaging in business activities in Washington and in other states need an equitable way to apportion to this state that portion of their gross income earned from providing such services in Washington.

Declares an intent to affirm the department of revenue's construction of existing law and to provide a method by which internet service providers can equitably apportion their gross receipts among the states in which they provide internet services.