
HOUSE BILL 1077

State of Washington

62nd Legislature

2011 Regular Session

By Representatives Kelley, Orcutt, Finn, McCune, Miloscia, Warnick, Hurst, and Harris

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1 AN ACT Relating to phasing-out the business and occupation tax rate
2 for on-site property managers; amending RCW 82.04.394; and providing an
3 effective date.

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

5 **Sec. 1.** RCW 82.04.394 and 2010 1st sp.s. c 23 s 1202 are each
6 amended to read as follows:

7 (1) This chapter does not apply to(~~(+~~
8 ~~(a))~~) amounts received by a (~~(nonprofit)~~) property management
9 company from the owner of a property for gross wages and benefits paid
10 directly to or on behalf of on-site personnel from property management
11 trust accounts that are required to be maintained under RCW
12 18.85.285(~~(+or~~

13 ~~(b)~~ ~~Amounts received by a property management company from a~~
14 ~~housing authority for gross wages and benefits paid directly to or on~~
15 ~~behalf of on site personnel from property management trust accounts~~
16 ~~that are required to be maintained under RCW 18.85.285)).~~

17 (2) (~~The definitions in this subsection apply to this section.~~

18 ~~(a))~~ As used in this section, "on-site personnel" means a person
19 who meets all of the following conditions:

1 ~~((i) The person)~~ (a) Works primarily at the owner's property;
2 ~~((ii) the person's)~~ (b) Has duties that include leasing property
3 units, maintaining the property, collecting rents, or similar
4 activities; and
5 ~~((iii))~~ (c) Is under a written property management agreement
6 providing that:
7 ~~((A))~~ (i) The person's compensation is the ultimate obligation of
8 the property owner and not the property manager;
9 ~~((B))~~ (ii) The property manager is liable for payment only as
10 agent of the owner; and
11 ~~((C))~~ (iii) The property manager is the agent of the owner with
12 respect to the on-site personnel and that all actions, including, but
13 not limited to, hiring, firing, compensation, and conditions of
14 employment, taken by the property manager with respect to the on-site
15 personnel are subject to the approval of the property owner.
16 ~~((b) "Nonprofit property management company" means a property~~
17 ~~management company that is exempt from tax under 26 U.S.C. Sec. 501(c)~~
18 ~~of the federal internal revenue code, as it exists on January 1, 2010.~~
19 ~~(c) "Housing authority" means a city or county housing authority~~
20 ~~created pursuant to chapter 35.82 RCW.)~~

21 NEW SECTION. **Sec. 2.** This act takes effect July 1, 2013.

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