
HOUSE BILL 1184

State of Washington

62nd Legislature

2011 Regular Session

By Representatives Maxwell, Orcutt, Kenney, Finn, Smith, Ryu, Goodman, Asay, Tharinger, Alexander, Pedersen, Appleton, Kelley, Eddy, Van De Wege, Sullivan, Dammeier, Angel, Seaquist, Clibborn, Bailey, Upthegrove, Rolfes, Carlyle, and Frockt

Read first time 01/14/11. Referred to Committee on Ways & Means.

1 AN ACT Relating to clarifying that the basis for business and
2 occupation tax for real estate firms is the commission amount received
3 by each real estate firm involved in a transaction; amending RCW
4 82.04.255; and creating new sections.

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

6 NEW SECTION. **Sec. 1.** The legislature intends to clarify existing
7 law that the basis for determining the business and occupation tax for
8 real estate firms is the commission amount received by each real estate
9 firm involved in a real estate transaction. In clarifying existing
10 law, the legislature intends to preserve the historic method of
11 calculating business and occupation tax for real estate firms.

12 **Sec. 2.** RCW 82.04.255 and 1997 c 7 s 1 are each amended to read as
13 follows:

14 (1) Upon every person engaging within the state ((as a real estate
15 broker)) in the business of providing real estate brokerage services;
16 as to such persons, the amount of the tax with respect to such business
17 ((shall be)) is equal to the gross income of the business, multiplied
18 by the rate of 1.5 percent.

1 (2) The measure of the tax on real estate commissions earned by the
2 real estate ((broker shall be)) firm is the gross commission earned by
3 the particular real estate ((brokerage office)) firm including that
4 portion of the commission paid to ((salesmen or associate)) brokers,
5 including designated and managing brokers, in the same ((office)) firm
6 on a particular transaction((:— PROVIDED, HOWEVER, That where)).
7 However, when a real estate commission on a particular transaction is
8 divided ((between an originating brokerage office and a cooperating
9 brokerage office on a particular transaction, each brokerage office
10 shall)) among real estate firms at the closing of the transaction,
11 including a firm located out of state, each firm must pay the tax only
12 upon ((their)) its respective shares of said commission((:— AND
13 PROVIDED FURTHER, That where the brokerage office)). Moreover, when
14 the real estate firm has paid the tax as provided herein, ((salesmen or
15 associate)) brokers, including designated and managing brokers, within
16 the same ((brokerage office shall)) real estate firm may not be
17 required to pay a similar tax upon the same transaction. If any firm
18 located out of state receives a share of commission on a particular
19 transaction, that company or broker must pay the tax based on the
20 requirements of this section and RCW 82.04.067.

21 (3) For the purposes of this section, "broker," "designated
22 broker," "managing broker," and "real estate firm" have the same
23 meaning as provided in RCW 18.85.011.

24 NEW SECTION. Sec. 3. This act applies both prospectively and
25 retroactively.

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