5188-S2.E AMH VICK SERE 023

**E2SSB 5188** - H AMD TO CPB COMM AMD (H-1390.1/21) **718**

By Representative Vick

On page 15, after line 11 of the striking amendment, insert the following:

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

A public financial cooperative established under section 3 of this act is subject to the tax under this chapter as a financial institution.

**Sec. 7.** RCW 82.04.4281 and 2007 c 54 s 9 are each amended to read as follows:

(1) In computing tax there may be deducted from the measure of tax:

(a) Amounts derived from investments;

(b) Amounts derived as dividends or distributions from the capital account by a parent from its subsidiary entities; and

(c) Amounts derived from interest on loans between subsidiary entities and a parent entity or between subsidiaries of a common parent entity, but only if the total investment and loan income is less than five percent of gross receipts of the business annually.

(2) The following are not deductible under subsection (1)(a) of this section:

(a) Amounts received from loans, except as provided in subsection (1)(c) of this section, or the extension of credit to another, revolving credit arrangements, installment sales, the acceptance of payment over time for goods or services, or any of the foregoing that have been transferred by the originator of the same to an affiliate of the transferor; or

(b) Amounts received by a banking, lending, or security business.

(3) The definitions in this subsection apply only to this section.

(a) "Banking business" means a person engaging in business as a national or state-chartered bank, a mutual savings bank, a savings and loan association, a trust company, an alien bank, a foreign bank, a credit union, a stock savings bank, or a similar entity that is chartered under Title \*30, 31, 32, or 33 RCW, or organized under Title 12 U.S.C. "Banking business" also means a person engaging in business as a state public financial cooperative under Title 43 RCW.

(b) "Lending business" means a person engaged in the business of making secured or unsecured loans of money, or extending credit, and (i) more than one-half of the person's gross income is earned from such activities and (ii) more than one-half of the person's total expenditures are incurred in support of such activities.

(c) The terms "loan" and "extension of credit" do not include ownership of or trading in publicly traded debt instruments, or substantially equivalent instruments offered in a private placement.

(d) "Security business" means a person, other than an issuer, who is engaged in the business of effecting transactions in securities as a broker, dealer, or broker-dealer, as those terms are defined in the securities act of Washington, chapter 21.20 RCW, or the federal securities act of 1933. "Security business" does not include any company excluded from the definition of broker or dealer under the federal investment company act of 1940 or any entity that is not an investment company by reason of sections 3(c)(1) and 3(c)(3) through 3(c)(14) thereof."

Renumber the remaining sections consecutively and correct any internal references accordingly.

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|  | EFFECT: Imposes the state business and occupation tax applicable to financial institutions on the gross income of the cooperative. |

**--- END ---**