**5096-S AMS LIIA S1957.2 - NOT FOR FLOOR USE**

**SSB 5096** - S AMD TO S AMD (S-1657.6/21) **420**

By Senator Liias

**ADOPTED 03/06/2021**

On page 5, after line 17, insert the following:

"(2) A controlling interest in an entity only to the extent that any long-term capital gain or loss from such sale or exchange is directly attributable to the entity's interest in real property and the sale or exchange was subject to tax under chapter 82.45 RCW. The department is not bound by the parties' agreement as to the allocation of consideration or fair market value, if such allocation or fair market value does not reflect the fair market value of the real property. For purposes of this subsection (2), "controlling interest" has the same meaning as in RCW 82.45.033;"

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

EFFECT: Exempts the sale of a controlling interest in a business entity from capital gains tax for the portion of the sale attributable to real estate if the transaction is also subject to real estate excise tax.