

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

By Representative Vick

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

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

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

8
9 **Sec. 7.** RCW 82.04.4281 and 2007 c 54 s 9 are each amended to
10 read as follows:

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

13 (a) Amounts derived from investments;

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

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

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

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

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

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

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

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

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

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

27

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

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

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