
HOUSE BILL 2023

State of Washington

69th Legislature

2025 Regular Session

By Representatives Berg and Orcutt

1 AN ACT Relating to establishing a work group to study the
2 taxation of investment income under RCW 82.04.4281; creating new
3 sections; providing expiration dates; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that the application
6 of the business and occupation tax deduction provided in RCW
7 82.04.4281(1)(a) has become the subject of uncertainty as a result of
8 the recent decision of the state supreme court in *Antio, LLC v.*
9 *Department of Revenue*. This decision could lead to a restrictive,
10 narrow interpretation of the deductibility of investment income for
11 business and occupation tax purposes. Numerous Washingtonians may be
12 impacted by the uncertainty and the legislature finds that these
13 impacts require careful consideration. Therefore, it is the intent of
14 the legislature to delay change in the manner or extent of taxation
15 of the investment income deduction until definitions or standards can
16 be developed and enacted by the legislature.

17 NEW SECTION. **Sec. 2.** (1) The department of revenue may not
18 assess business and occupation tax on the investment income of
19 persons that are not banking, lending, or security businesses as
20 those terms are defined in RCW 82.04.4281 on the grounds that the

1 person's investment income is not eligible for the deduction provided
2 by RCW 82.42.4281(1)(a) because such amounts or the person's
3 investment activities are more than incidental.

4 (2) This section expires July 1, 2026.

5 NEW SECTION. **Sec. 3.** (1) A work group is established to
6 consider the taxation of investment income under RCW 82.04.4281,
7 which must be convened and facilitated by the department of revenue.
8 The work group must provide recommendations to the legislature by
9 November 30, 2025, regarding changes to the statute to clarify the
10 deduction provided by RCW 82.04.4281(1)(a).

11 (2) The work group members must be appointed by the director of
12 the department of revenue and must consist of the following members:

13 (a) One representative from the department of revenue;

14 (b) One representative from the office of financial management;

15 (c) One member representing an international investment
16 management services company;

17 (d) One member representing a statewide nonprofit arts and
18 cultural organization;

19 (e) One member representing a union pension fund;

20 (f) One member representing general business associations; and

21 (g) One member representing a certified public accountant
22 association.

23 (3) The work group may meet in person or by telephone conference
24 call, videoconference, or other similar telecommunications method, or
25 a combination of such methods.

26 (4) The work group must hold its first meeting within 45 days of
27 appointment to the work group and must meet at least monthly
28 thereafter until delivering its recommendations to the legislature.

29 (5) The department of revenue must comply with the requirements
30 of RCW 43.18A.020 in making appointments provided in this section.
31 The department must provide the report required in RCW 43.18A.030.

32 (6) This section expires November 30, 2026.

33 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
34 preservation of the public peace, health, or safety, or support of
35 the state government and its existing public institutions, and takes
36 effect immediately.

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