
ENGROSSED SUBSTITUTE HOUSE BILL 1459

State of Washington

54th Legislature

1995 Regular Session

By House Committee on Finance (originally sponsored by Representatives Van Loven and Sheldon)

Read first time 03/01/95.

1 AN ACT Relating to exempting from business and occupation tax
2 reimbursements and advances received by property management companies
3 for the payment of wages to on-site employees; adding a new section to
4 chapter 82.04 RCW; creating a new section; providing an effective date;
5 and declaring an emergency.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that property owners
8 often hire property management companies to manage their real property.
9 Frequently, the property management companies also manage the personnel
10 who perform the necessary services at the property location. In these
11 cases, the property owners may pay the on-site personnel through the
12 property management company. The property management company is merely
13 acting as a conduit for the property owner's payment to the personnel
14 at the property site.

15 This act is not intended to modify the taxation of amounts received
16 by a property management company for purposes other than payment to on-
17 site personnel.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW
2 to read as follows:

3 This chapter shall not apply to amounts received by a property
4 management company from the owner of a property for gross wages and
5 benefits paid directly to or on behalf of on-site personnel from
6 property management trust accounts that are required to be maintained
7 under RCW 18.85.310.

8 As used in this section, "on-site personnel" means a person who
9 meets all of the following conditions: (1) The person works primarily
10 at the owner's property; (2) the person's duties include leasing
11 property units, maintaining the property, collecting rents, or similar
12 activities; and (3) pursuant to a written property management
13 agreement, the person's compensation is the obligation of the property
14 owner and not the property manager.

15 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
16 preservation of the public peace, health, or safety, or support of the
17 state government and its existing public institutions, and shall take
18 effect April 1, 1996.

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