
HOUSE BILL 2072

State of Washington

54th Legislature

1995 Regular Session

By Representatives Foreman, B. Thomas, Silver, Sehlin, Padden, Cooke, Lambert, Huff, Carlson, Crouse, Pelesky, Beeksma, Hickel, Sheahan, Reams, Pennington, Mielke, Mulliken, Radcliff, Robertson, Ballasiotes, Talcott, Stevens, K. Schmidt, Cairnes, Thompson, Schoesler, Dyer, Casada, Backlund, L. Thomas, Mitchell, Campbell, Elliot, Chandler, Johnson, Benton, Carrell, D. Schmidt, Smith, McMahan, Sherstad and Boldt

Read first time 03/06/95. Referred to Committee on Finance.

1 AN ACT Relating to reducing business and occupation tax rates;
2 amending RCW 82.04.255 and 82.04.290; creating a new section; repealing
3 RCW 82.04.2201; providing effective dates; and declaring an emergency.

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

5 **Sec. 1.** RCW 82.04.255 and 1993 sp.s. c 25 s 202 are each amended
6 to read as follows:

7 Upon every person engaging within the state as a real estate
8 broker; as to such persons, the amount of the tax with respect to such
9 business shall be equal to the gross income of the business, multiplied
10 by the rate of ((2-0)) 1.75 percent.

11 The measure of the tax on real estate commissions earned by the
12 real estate broker shall be the gross commission earned by the
13 particular real estate brokerage office including that portion of the
14 commission paid to salesmen or associate brokers in the same office on
15 a particular transaction: PROVIDED, HOWEVER, That where a real estate
16 commission is divided between an originating brokerage office and a
17 cooperating brokerage office on a particular transaction, each
18 brokerage office shall pay the tax only upon their respective shares of
19 said commission: AND PROVIDED FURTHER, That where the brokerage office

1 has paid the tax as provided herein, salesmen or associate brokers
2 within the same brokerage office shall not be required to pay a similar
3 tax upon the same transaction.

4 **Sec. 2.** RCW 82.04.290 and 1993 sp.s. c 25 s 203 are each amended
5 to read as follows:

6 (1) Upon every person engaging within this state in the business of
7 providing selected business services other than or in addition to those
8 enumerated in RCW 82.04.250 or 82.04.270; as to such persons the amount
9 of tax on account of such activities shall be equal to the gross income
10 of the business multiplied by the rate of (~~(2.5)~~) 2.0 percent.

11 (2) Upon every person engaging within this state in banking, loan,
12 security, investment management, investment advisory, or other
13 financial businesses; as to such persons, the amount of the tax with
14 respect to such business shall be equal to the gross income of the
15 business, multiplied by the rate of (~~(1.70)~~) 1.6 percent.

16 (3) Upon every person engaging within this state in any business
17 activity other than or in addition to those enumerated in RCW
18 82.04.230, 82.04.240, 82.04.250, 82.04.255, 82.04.260, 82.04.270, and
19 82.04.280, and subsections (1) and (2) of this section; as to such
20 persons the amount of tax on account of such activities shall be equal
21 to the gross income of the business multiplied by the rate of (~~(2.0)~~)
22 1.75 percent.

23 This section includes, among others, and without limiting the scope
24 hereof (whether or not title to materials used in the performance of
25 such business passes to another by accession, confusion or other than
26 by outright sale), persons engaged in the business of rendering any
27 type of service which does not constitute a "sale at retail" or a "sale
28 at wholesale." The value of advertising, demonstration, and
29 promotional supplies and materials furnished to an agent by his
30 principal or supplier to be used for informational, educational and
31 promotional purposes shall not be considered a part of the agent's
32 remuneration or commission and shall not be subject to taxation under
33 this section.

34 **Sec. 3.** RCW 82.04.255 and 1995 c . . . s 1 (section 1 of this act)
35 are each amended to read as follows:

36 Upon every person engaging within the state as a real estate
37 broker; as to such persons, the amount of the tax with respect to such

1 business shall be equal to the gross income of the business, multiplied
2 by the rate of (~~1.75~~) 1.5 percent.

3 The measure of the tax on real estate commissions earned by the
4 real estate broker shall be the gross commission earned by the
5 particular real estate brokerage office including that portion of the
6 commission paid to salesmen or associate brokers in the same office on
7 a particular transaction: PROVIDED, HOWEVER, That where a real estate
8 commission is divided between an originating brokerage office and a
9 cooperating brokerage office on a particular transaction, each
10 brokerage office shall pay the tax only upon their respective shares of
11 said commission: AND PROVIDED FURTHER, That where the brokerage office
12 has paid the tax as provided herein, salesmen or associate brokers
13 within the same brokerage office shall not be required to pay a similar
14 tax upon the same transaction.

15 **Sec. 4.** RCW 82.04.290 and 1995 c . . . s 2 (section 2 of this act)
16 are each amended to read as follows:

17 (1) Upon every person engaging within this state in the business of
18 providing selected business services other than or in addition to those
19 enumerated in RCW 82.04.250 or 82.04.270; as to such persons the amount
20 of tax on account of such activities shall be equal to the gross income
21 of the business multiplied by the rate of (~~2.0~~) 1.5 percent.

22 (2) Upon every person engaging within this state in banking, loan,
23 security, investment management, investment advisory, or other
24 financial businesses; as to such persons, the amount of the tax with
25 respect to such business shall be equal to the gross income of the
26 business, multiplied by the rate of (~~1.6~~) 1.5 percent.

27 (3) Upon every person engaging within this state in any business
28 activity other than or in addition to those enumerated in RCW
29 82.04.230, 82.04.240, 82.04.250, 82.04.255, 82.04.260, 82.04.270, and
30 82.04.280, and subsections (1) and (2) of this section; as to such
31 persons the amount of tax on account of such activities shall be equal
32 to the gross income of the business multiplied by the rate of (~~1.75~~)
33 1.5 percent.

34 This section includes, among others, and without limiting the scope
35 hereof (whether or not title to materials used in the performance of
36 such business passes to another by accession, confusion or other than
37 by outright sale), persons engaged in the business of rendering any
38 type of service which does not constitute a "sale at retail" or a "sale

1 at wholesale." The value of advertising, demonstration, and
2 promotional supplies and materials furnished to an agent by his
3 principal or supplier to be used for informational, educational and
4 promotional purposes shall not be considered a part of the agent's
5 remuneration or commission and shall not be subject to taxation under
6 this section.

7 NEW SECTION. **Sec. 5.** RCW 82.04.2201 and 1994 sp.s. c 10 s 1 &
8 1993 sp.s. c 25 s 204 are each repealed.

9 NEW SECTION. **Sec. 6.** The repeal in section 5 of this act shall
10 not be construed as affecting any existing right acquired or liability
11 or obligation incurred under the statute repealed or under any rule or
12 order adopted pursuant to that statute; nor as affecting any proceeding
13 instituted under it.

14 NEW SECTION. **Sec. 7.** Sections 1 and 2 of this act are necessary
15 for the immediate preservation of the public peace, health, or safety,
16 or support of the state government and its existing public
17 institutions, and shall take effect July 1, 1995.

18 NEW SECTION. **Sec. 8.** Sections 3, 4, and 5 of this act shall take
19 effect July 1, 1996.

--- END ---