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**SUBSTITUTE HOUSE BILL 1459**

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**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; and declaring an emergency.

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

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

14 This act is intended to clarify that the business and occupation  
15 tax does not apply to amounts received by a property management company  
16 and paid to on-site personnel. This act is not intended to modify the  
17 taxation of amounts received by a property management company for  
18 purposes other than payment to on-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 to or on behalf of on-site personnel.  As used in this  
6 section, "on-site personnel" means a person who meets all of the  
7 following conditions:  (1) The person works at the owner's property;  
8 (2) the person's duties include leasing property units, maintaining the  
9 property, collecting rents, or similar activities; and (3) pursuant to  
10 a written property management agreement, the person's compensation is  
11 the obligation of the property owner and not the property manager.

12        NEW SECTION.    **Sec. 3.**    This act is necessary for the immediate  
13 preservation of the public peace, health, or safety, or support of the  
14 state government and its existing public institutions, and shall take  
15 effect immediately.

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