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SSB 5052 - H AMD 468 FAILED 4-19-91

2 By Representatives Wang, VanLuven and Applewick

3 On page 4, after line 6, insert:

4 "NEW SECTION. **Sec. 3.** (1) The legislature finds that
5 transfers of ownership of a corporation may be equivalent, in some
6 circumstances, to the sale of real property held by the
7 corporation. The legislature further finds that all transfers of
8 possession or use of real property should be subject to the same
9 excise tax burdens.

10 (2) The intent of this chapter is to apply an excise tax to
11 transfers of corporate ownership when the transfer of ownership is
12 comparable to a sale of real property. The excise tax imposed
13 under this act is intended to be equivalent in burden to the excise
14 tax imposed on sales of real estate under chapter 82.45 RCW.

15 NEW SECTION. **Sec. 4.** Unless the context clearly
16 requires otherwise, the definitions in this section apply
17 throughout this chapter.

18 (1) "Ownership transfer" means a transfer or series of
19 transfers in any consecutive twelve-month period, for a valuable
20 consideration, of ownership of stock possessing more than fifty
21 percent of the total combined voting power of the issued and
22 outstanding shares of each class of stock entitled to vote.

23 (2) "Value of real property assets" means the true and fair

1 value in money, at the time an ownership transfer is completed, of
2 any estate or interest in real property located in this state.

3 NEW SECTION. **Sec. 5.** (1) An excise tax is imposed on
4 each ownership transfer of a corporation, to be paid by the
5 corporation, at the rate of one and twenty-eight one-hundredths
6 percent of the value of the real property assets of the
7 corporation.

8 (2) Chapter 82.32 RCW applies to the tax imposed in this
9 chapter. The tax due dates, reporting periods, and return
10 requirements applicable to chapter 82.04 RCW apply equally to the
11 tax imposed in this chapter.

12 NEW SECTION. **Sec. 6.** The tax imposed in this chapter
13 does not apply to ownership transfers:

14 (1) When the taxpayer demonstrates by a preponderance of the
15 evidence that the primary intent of the ownership transfer is for
16 purposes other than avoidance of the tax imposed in chapter 82.45
17 RCW.

18 (2) When the value of the real property assets of the
19 corporation is less than fifty percent of the true and fair value
20 in money of all assets held by the corporation at the time of the
21 ownership transfer.

22 (3) Of interests that are required to be registered with the
23 federal securities and exchange commission under the securities act
24 of 1933 or the securities exchange act of 1934.

1 (4) By gift, devise, or inheritance.

2 (5) From one spouse to the other in accordance with the terms
3 of a decree of divorce or in fulfillment of a property settlement
4 agreement incident thereto.

5 (6) Solely for the purpose of securing a debt.

6 (7) Upon execution of a judgment.

7 (8) To a corporation that is wholly owned by the transferor
8 and/or the transferor's spouse or children. If such transferee
9 corporation voluntarily transfers the ownership interest, or the
10 real property represented by the ownership interest, or such
11 transferor, spouse, or children voluntarily transfer stock in the
12 transferee corporation or interest in the transferee partnership
13 capital, as the case may be, to other than (a) the transferor
14 and/or the transferor's spouse or children, (b) a trust having the
15 transferor and/or the transferor's spouse or children as the only
16 beneficiaries at the time of the transfer to the trust, or (c) a
17 corporation or partnership wholly owned by the original transferor
18 and/or the transferor's spouse or children, within five years after
19 the original transfer to which this exemption applies, excise taxes
20 shall become due and payable on the original transfer as otherwise
21 provided by law.

22 NEW SECTION. **Sec. 7.** Sections 4 through 6 of this act
23 shall constitute a new chapter in Title 82 RCW.

1 NEW SECTION. **Sec. 8.** Sections 3 through 7 of this act are
2 necessary for the immediate preservation of the public peace,
3 health, or safety, or support of the state government and its
4 existing public institutions, and shall take effect immediately."

5 **SSB 5052** - H AMD

6 By Representative Wang

7 On page 1, line 1 of the title, after "debts;" strike the
8 remainder of the title and insert "amending RCW 19.16.100 and
9 19.16.500; adding new sections to Title 82 RCW; creating a new
10 section; and declaring an emergency."