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ESSB 5363 - H AMD to H COMM AMD (5363-S.E AMH HS H2800.1) **469**
WITHDRAWN 4-10-91

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By Representatives Wang, Van Luven and Applewick

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On page 15 of the amendment, after line 26, insert:

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"NEW SECTION. **Sec. 15.** (1) The legislature finds that transfers of ownership of a corporation may be equivalent, in some circumstances, to the sale of real property held by the corporation. The legislature further finds that all transfers of possession or use of real property should be subject to the same excise tax burdens.

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

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

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

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1 (2) "Value of real property assets" means the true and fair
2 value in money, at the time an ownership transfer is completed, of
3 any estate or interest in real property located in this state.

4 NEW SECTION. **Sec. 17.** (1) An excise tax is imposed on
5 each ownership transfer of a corporation, to be paid by the
6 corporation, at the rate of one and twenty-eight one-hundredths
7 percent of the value of the real property assets of the
8 corporation.

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

13 NEW SECTION. **Sec. 18.** The tax imposed in this chapter
14 does not apply to ownership transfers:

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

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

23 (3) Of interests that are required to be registered with the
24 federal securities and exchange commission under the securities act

1 of 1933 or the securities exchange act of 1934.

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

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

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

7 (7) Upon execution of a judgment.

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

23 NEW SECTION. **Sec. 19.** Sections 16 through 18 of this act
24 shall constitute a new chapter in Title 82 RCW."

5363-S.E AMH WANG LONG1

1 Renumber sections consecutively and correct any internal
2 references accordingly.

3 **ESSB 5363** - H AMD to H COMM AMD (5363-S.E AMH HS H2800.1)
4 By Representative Wang

5 On page 16, line 13 of the title amendment, after "RCW;"
6 insert "adding new sections to Title 82 RCW;"