

2 **SHB 2745** - S COMM AMD  
3 By Committee on Ways & Means

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5 Strike everything after the enacting clause and insert the  
6 following:

7 NEW SECTION. **Sec. 1.** (1) The legislature intends to maintain the  
8 status quo with respect to the listing and assessment of intangible  
9 personal property while the department of revenue studies the issue.

10 (2) For property taxes due in 1997 and 1998, the state and the  
11 county assessors shall list and assess intangible personal property in  
12 the same manner and to the same extent as intangible personal property  
13 was listed and assessed for taxes due in 1996.

14 NEW SECTION. **Sec. 2.** (1) The department of revenue shall conduct  
15 a study of the current state and local taxation of intangible personal  
16 property. The study shall address but is not limited to the following:

17 (a) What is intangible property and how is it defined?

18 (b) What intangible property is subject to tax in this state, and  
19 to what extent is intangible property that is subject to tax actually  
20 taxed?

21 (c) How is intangible property treated in each county of the state?

22 (d) To what extent are intangibles captured in standard valuation  
23 methodologies by the state and by county assessors?

24 (e) How do intangibles affect the county indicated ratio  
25 calculations?

26 (f) How is intangible property treated with regard to property  
27 valued by the department of revenue?

28 (g) What is taxpayer compliance on reporting intangible property  
29 for property tax purposes?

30 (h) What legal and other issues arise with either taxing  
31 intangibles or exempting intangibles?

32 (i) What would be the effect of exempting all intangible property  
33 from property taxation on state and local government valuation  
34 practices and revenues?

35 (j) How do other states tax intangibles?

1 (2) To perform this study, the department shall form an advisory  
2 study committee with balanced representation from different segments of  
3 government and the business community. The advisory committee shall  
4 include, but need not be limited to, two members from the house of  
5 representatives, two members from the senate, representatives of both  
6 small and large businesses, representatives of cities, counties, and  
7 other taxing districts, a representative of the county assessors, a  
8 representative of the appraisal industry, a representative of the  
9 department of revenue, and tax policy experts from the academic, legal,  
10 and business communities.

11 (3) The department of revenue shall provide staff for the purpose  
12 of the study.

13 (4) The department of revenue shall present a final report of the  
14 findings of the study to the committees of the legislature that deal  
15 with revenue matters no later than December 31, 1996.

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

20 EFFECT: Requires a study of the taxation of intangibles.

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24 On page 1, line 1 of the title, after "property;" strike the  
25 remainder of the title and insert "creating new sections; and declaring  
26 an emergency."

27 EFFECT: Title amendment.

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