

2 **ESSB 5286** - H COMM AMD
3 By Committee on Finance

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

7 "Sec. 1. RCW 84.36.070 and 1974 ex.s. c 118 s 1 are each amended
8 to read as follows:

9 ~~((The following))~~ (1) Intangible personal property ~~((shall be))~~ is
10 exempt from ad valorem taxation~~((÷))~~.

11 (2) "Intangible personal property" means:

12 (a) All moneys and credits including mortgages, notes, accounts,
13 certificates of deposit, tax certificates, judgments, state, county and
14 municipal bonds and warrants and bonds and warrants of other taxing
15 districts, bonds of the United States and of foreign countries or
16 political subdivisions thereof and the bonds, stocks, or shares of
17 private corporations~~((÷))~~;

18 (b) Private nongovernmental personal service contracts ~~((or))~~,
19 private nongovernmental athletic or sports franchises, or private
20 nongovernmental athletic or sports agreements provided that ~~((such))~~
21 the contracts, franchises, or agreements do not pertain to the use or
22 possession of tangible personal or real property or to any interest in
23 tangible personal or real property; and

24 (c) Other intangible personal property such as trademarks, trade
25 names, brand names, patents, copyrights, trade secrets, franchise
26 agreements, licenses, permits, core deposits of financial institutions,
27 noncompete agreements, customer lists, patient lists, favorable
28 contracts, favorable financing agreements, reputation, exceptional
29 management, prestige, good name, or integrity of a business.

30 (3) "Intangible personal property" does not include zoning,
31 location, view, geographic features, easements, covenants, proximity to
32 raw materials, condition of surrounding property, proximity to markets,
33 the availability of a skilled work force, and other characteristics or
34 attributes of property.

35 (4) This section does not preclude the use of, or permit a
36 departure from, generally accepted appraisal practices and the

1 appropriate application thereof in the valuation of real and tangible
2 personal property, including the appropriate consideration of licenses,
3 permits, and franchises granted by a government agency that affect the
4 use of the property.

5 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.48 RCW
6 to read as follows:

7 (1) In equalizing personal property as of January 1, 1998, the
8 department shall treat intangible personal property in the same manner
9 as intangible personal property is to be treated after the effective
10 date of this act.

11 (2) This section expires December 31, 1998.

12 NEW SECTION. **Sec. 3.** This act shall not be construed to amend or
13 modify any existing statute or rule relating to the treatment of
14 computer software, retained rights in computer software, and golden and
15 master copies of computer software for property tax purposes.

16 NEW SECTION. **Sec. 4.** Nothing in this act is intended to
17 incorporate and nothing in this act is based on any other state's
18 statutory or case law.

19 NEW SECTION. **Sec. 5.** If any provision of this act or its
20 application to any person or circumstance is held invalid, the
21 remainder of the act or the application of the provision to other
22 persons or circumstances is not affected.

23 NEW SECTION. **Sec. 6.** This act is effective for taxes levied for
24 collection in 1999 and thereafter.

25 NEW SECTION. **Sec. 7.** By December 1, 2000, the department of
26 revenue shall submit a report to the house finance committee, the
27 senate ways and means committee, and the office of the governor on tax
28 shifts, tax losses, and any litigation resulting from this act."

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