

2 **SSB 5286** - S AMD - 133

3 By Senators McAuliffe, Loveland, Snyder, Spanel, Prentice,
4 Franklin, Sheldon, Fraser, Swanson and Wojahn

5 NOT ADOPTED 3/13/97

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (j) How do other states tax intangibles?

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

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

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

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

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

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

29 EFFECT: Title amendment.

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