
HOUSE BILL 2993

State of Washington

55th Legislature

1998 Regular Session

By Representatives Van Luven, Quall, Sherstad, Dyer, D. Sommers and B. Thomas

Read first time 01/26/98. Referred to Committee on Finance.

1 AN ACT Relating to business and occupation tax reimbursements and
2 advances received by property management companies for the payment of
3 wages to on-site employees; adding a new section to chapter 82.04 RCW;
4 creating a new section; and providing an effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that property owners
7 often hire property management companies to manage their real property.
8 Frequently, the property management companies also manage the personnel
9 who perform the necessary services at the property location. In these
10 cases, the property owners may pay the on-site personnel through the
11 property management company. The property management company is merely
12 acting as a conduit for the property owner's payment to the personnel
13 at the property site.

14 This act is not intended to modify the taxation of amounts received
15 by a property management company for purposes other than payment to on-
16 site personnel.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW
18 to read as follows:

1 (1) This chapter does not apply to amounts received by a property
2 management company from the owner of a property for gross wages and
3 benefits paid directly to or on behalf of on-site personnel from
4 property management trust accounts that are required to be maintained
5 under RCW 18.85.310.

6 (2) As used in this section, "on-site personnel" means a person who
7 meets all of the following conditions: (a) The person works primarily
8 at the owner's property; (b) the person's duties include leasing
9 property units, maintaining the property, collecting rents, or similar
10 activities; and (c) under a written property management agreement: (i)
11 The person's compensation is the ultimate obligation of the property
12 owner and not the property manager; (ii) the property manager is liable
13 for payment only as agent of the owner; and (iii) the property manager
14 is the agent of the owner with respect to the on-site personnel and
15 that all actions, including, but not limited to, hiring, firing,
16 compensation, and conditions of employment, taken by the property
17 manager with respect to the on-site personnel are subject to the
18 approval of the property owner.

19 NEW SECTION. **Sec. 3.** This act takes effect July 1, 1998.

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