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SENATE BILL 6571

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State of Washington

55th Legislature

1998 Regular Session

By Senators Wood, T. Sheldon, Snyder, Strannigan, Loveland, Patterson, Sellar, Johnson and West

Read first time 01/21/98. Referred to Committee on Ways & Means.

1 AN ACT Relating to the business and occupation taxation of  
2 warehousing and reselling of pharmaceutical drugs subject to regulation  
3 by the federal drug enforcement administration and the state board of  
4 pharmacy; amending RCW 82.04.270, 82.04.280, and 82.04.290; adding a  
5 new section to chapter 82.04 RCW; and providing an effective date.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW  
8 to read as follows:

9 Upon every person engaging within this state in the business of  
10 warehousing and reselling pharmaceutical drugs; as to such persons, the  
11 amount of the tax shall be equal to the gross warehousing income  
12 derived from the sale of the products multiplied by the rate of 0.484  
13 percent.

14 (2) For the purposes of this section:

15 (a) "Gross warehousing income" means four percent of the gross  
16 income of the business; and

17 (b) "Warehousing and reselling pharmaceutical drugs" means the  
18 buying of pharmaceutical drugs from a manufacturer or another  
19 wholesaler, and reselling of the drugs to retail merchants or health

1 care providers, by a distributor. The distributor must be registered  
2 with the federal drug enforcement administration and licensed by the  
3 state board of pharmacy.

4 **Sec. 2.** RCW 82.04.270 and 1994 c 124 s 2 are each amended to read  
5 as follows:

6 (1) Upon every person except persons taxable under ((subsections  
7 ~~(1) or (8) of~~)) RCW 82.04.260 (1) or (8) or section 1 of this act  
8 engaging within this state in the business of making sales at  
9 wholesale; as to such persons the amount of tax with respect to such  
10 business shall be equal to the gross proceeds of sales of such business  
11 multiplied by the rate of 0.484 percent.

12 (2) The tax imposed by this section is levied and shall be  
13 collected from every person engaged in the business of distributing in  
14 this state articles of tangible personal property, owned by them from  
15 their own warehouse or other central location in this state to two or  
16 more of their own retail stores or outlets, where no change of title or  
17 ownership occurs, the intent hereof being to impose a tax equal to the  
18 wholesaler's tax upon persons performing functions essentially  
19 comparable to those of a wholesaler, but not actually making sales.  
20 The tax designated in this section may not be assessed twice to the  
21 same person for the same article. The amount of the tax as to such  
22 persons shall be computed by multiplying 0.484 percent of the value of  
23 the article so distributed as of the time of such distribution. The  
24 department of revenue shall prescribe uniform and equitable rules for  
25 the purpose of ascertaining such value, which value shall correspond as  
26 nearly as possible to the gross proceeds from sales at wholesale in  
27 this state of similar articles of like quality and character, and in  
28 similar quantities by other taxpayers. Delivery trucks or vans will  
29 not under the purposes of this section be considered to be retail  
30 stores or outlets.

31 **Sec. 3.** RCW 82.04.280 and 1994 c 112 s 1 are each amended to read  
32 as follows:

33 Upon every person engaging within this state in the business of:  
34 (1) Printing, and of publishing newspapers, periodicals, or magazines;  
35 (2) building, repairing or improving any street, place, road, highway,  
36 easement, right of way, mass public transportation terminal or parking  
37 facility, bridge, tunnel, or trestle which is owned by a municipal

1 corporation or political subdivision of the state or by the United  
2 States and which is used or to be used, primarily for foot or vehicular  
3 traffic including mass transportation vehicles of any kind and  
4 including any readjustment, reconstruction or relocation of the  
5 facilities of any public, private or cooperatively owned utility or  
6 railroad in the course of such building, repairing or improving, the  
7 cost of which readjustment, reconstruction, or relocation, is the  
8 responsibility of the public authority whose street, place, road,  
9 highway, easement, right of way, mass public transportation terminal or  
10 parking facility, bridge, tunnel, or trestle is being built, repaired  
11 or improved; (3) extracting for hire or processing for hire; (4)  
12 operating a cold storage warehouse or storage warehouse, but not  
13 including the rental of cold storage lockers; (5) representing and  
14 performing services for fire or casualty insurance companies as an  
15 independent resident managing general agent licensed under the  
16 provisions of RCW 48.05.310; (6) radio and television broadcasting,  
17 excluding network, national and regional advertising computed as a  
18 standard deduction based on the national average thereof as annually  
19 reported by the Federal Communications Commission, or in lieu thereof  
20 by itemization by the individual broadcasting station, and excluding  
21 that portion of revenue represented by the out-of-state audience  
22 computed as a ratio to the station's total audience as measured by the  
23 100 micro-volt signal strength and delivery by wire, if any; (7)  
24 engaging in activities which bring a person within the definition of  
25 consumer contained in RCW 82.04.190(6); as to such persons, the amount  
26 of tax on such business shall be equal to the gross income of the  
27 business multiplied by the rate of 0.484 percent.

28 As used in this section, "cold storage warehouse" means a storage  
29 warehouse used to store fresh and/or frozen perishable fruits or  
30 vegetables, meat, seafood, dairy products, or fowl, or any combination  
31 thereof, at a desired temperature to maintain the quality of the  
32 product for orderly marketing.

33 As used in this section, "storage warehouse" means a building or  
34 structure, or any part thereof, in which goods, wares, or merchandise  
35 are received for storage for compensation, except field warehouses,  
36 fruit warehouses, fruit packing plants, warehouses licensed under  
37 chapter 22.09 RCW, public garages storing automobiles, railroad freight  
38 sheds, docks and wharves, ((and)) "self-storage" or "mini storage"  
39 facilities whereby customers have direct access to individual storage

1 areas by separate entrance, and warehousing and reselling  
2 pharmaceutical drugs.

3 As used in this section, "periodical or magazine" means a printed  
4 publication, other than a newspaper, issued regularly at stated  
5 intervals at least once every three months, including any supplement or  
6 special edition of the publication.

7 **Sec. 4.** RCW 82.04.290 and 1997 c 7 s 2 are each amended to read as  
8 follows:

9 (1) Upon every person engaging within this state in the business of  
10 providing international investment management services, as to such  
11 persons, the amount of tax with respect to such business shall be equal  
12 to the gross income or gross proceeds of sales of the business  
13 multiplied by a rate of 0.275 percent.

14 (2) Upon every person engaging within this state in any business  
15 activity other than or in addition to those enumerated in RCW  
16 82.04.230, 82.04.240, 82.04.250, 82.04.255, 82.04.260, 82.04.270,  
17 (~~and~~) 82.04.280, and section 1 of this act, and subsection (1) of  
18 this section; as to such persons the amount of tax on account of such  
19 activities shall be equal to the gross income of the business  
20 multiplied by the rate of 1.5 percent.

21 This section includes, among others, and without limiting the scope  
22 hereof (whether or not title to materials used in the performance of  
23 such business passes to another by accession, confusion or other than  
24 by outright sale), persons engaged in the business of rendering any  
25 type of service which does not constitute a "sale at retail" or a "sale  
26 at wholesale." The value of advertising, demonstration, and  
27 promotional supplies and materials furnished to an agent by his  
28 principal or supplier to be used for informational, educational and  
29 promotional purposes shall not be considered a part of the agent's  
30 remuneration or commission and shall not be subject to taxation under  
31 this section.

32 NEW SECTION. **Sec. 5.** This act takes effect July 1, 1998.

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