

5688

Sponsor(s): Senators Strannigan and Johnson

Brief Title: Paying the business and occupation tax by property management companies for on-site employees.

SB 5688 - DIGEST

(DIGEST AS PASSED LEGISLATURE)

Declares that chapter 82.04 RCW shall not apply to amounts received by a property management company from the owner of a property for gross wages and benefits paid directly to or on behalf of on-site personnel from property management trust accounts that are required to be maintained under RCW 18.85.310.

VETO MESSAGE ON SB 5688

May 9, 1997

To the Honorable President and Members,
The Senate of the State of Washington
Ladies and Gentlemen:

I am returning herewith, without my approval, Senate Bill No. 5688 entitled:

"AN ACT Relating to business and occupation tax reimbursements and advances received by property management companies for the payment of wages to on-site employees;"

Senate Bill No. 5688 would exempt from the Business and Occupation (B&O) tax, payments received by property management companies for the payment of wages to on-site personnel.

Property management firms provide a service to property owners. Currently, these services are subject to the state's B&O tax. Under our state's tax system this is an appropriate application of the B&O tax.

This is one of many tax-cut bills that have been presented to me, the cumulative effect of which is far more than the state can afford. SB 5688 would represent a revenue loss of \$1,285,000 for the 1997-99 Biennium. This revenue could be devoted to meeting some of the challenges the state is facing in the provision of educational opportunities and health services. These are important issues that affect everyone in the state, businesses included.

For these reasons, I have vetoed Senate Bill No. 5688 in its entirety.

Respectfully submitted,
Gary Locke
Governor