

HB 2260 - H AMD 232 WITHDRAWN 5/21/01

By Representative

Strike everything after the enacting clause and insert the following:

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

(1) The amount of tax with respect to a grocery distribution cooperative's sales of groceries or related goods for resale, excluding items subject to tax under RCW 82.04.260(4), to customer-owners of the grocery distribution cooperative or of the entity controlling the grocery distribution cooperative is equal to the gross proceeds of sales of the grocery distribution cooperative multiplied by the rate of one and one-half percent.

(2) A grocery distribution cooperative is allowed a deduction from the gross proceeds of sales of groceries derived from sales of groceries or related goods for resale, excluding items subject to tax under RCW 82.04.260(4), to customer-owners of the grocery distribution cooperative or of the entity controlling the grocery distribution cooperative that is equal to the portion of the gross proceeds of sales for resale that represents the actual cost of the merchandise sold by the grocery distribution cooperative to customer-owners.

(3) For purposes of this section, a "grocery distribution cooperative" means an entity that: (a) Sells groceries and related items to customer-owners of the grocery distribution cooperative or to customer-owners of another entity controlling the grocery distribution cooperative; (b) has been determined by a court of record of the state of Washington before January 1, 2001, to be not engaged in wholesaling or making sales at wholesale, within the meaning of RCW 82.04.270 or any similar provision of a municipal ordinance that imposes a tax on gross receipts, gross proceeds of sales, or gross income, with respect to purchases made by customer-owners; and (c) has customer-owners, in the aggregate, who own a majority of the outstanding ownership interests of the grocery distribution cooperative or of the entity controlling the grocery distribution cooperative. A "customer-owner" means a person who has an ownership interest in a grocery distribution cooperative or an entity controlling a grocery distribution

cooperative, and purchases groceries and related items at wholesale from that grocery distribution cooperative. "Controlling" means holding fifty percent or more of the voting interests of an entity and having at least equal power to direct or cause the direction of the management and policies of the entity, whether through the ownership of voting securities, by contract, or otherwise.

Sec. 2. RCW 82.04.270 and 1999 c 358 s 1 are each amended to read as follows:

Upon every person except persons taxable under RCW 82.04.260(5) or section 1 of this act engaging within this state in the business of making sales at wholesale; as to such persons the amount of tax with respect to such business shall be equal to the gross proceeds of sales of such business multiplied by the rate of 0.484 percent.

Sec. 3. RCW 82.04.270 and 1999 c 358 s 2 are each amended to read as follows:

Upon every person except persons taxable under RCW 82.04.260(5), section 1 of this act, or 82.04.272 engaging within this state in the business of making sales at wholesale; as to such persons the amount of tax with respect to such business shall be equal to the gross proceeds of sales of such business multiplied by the rate of 0.484 percent.

Sec. 4. RCW 82.04.290 and 1998 c 331 s 2, 1998 c 312 s 8, and 1998 c 308 s 4 are each reenacted and amended to read as follows:

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

(2) Upon every person engaging within this state in any business activity other than or in addition to those enumerated in RCW 82.04.230, 82.04.240, 82.04.250, 82.04.255, 82.04.260, 82.04.270, section 1 of this act, 82.04.2905, 82.04.280, 82.04.2635, and 82.04.2907, and subsection (1) of this section; as to such persons the amount of tax on account of such activities shall be equal to the gross income of the business multiplied by the rate of 1.5 percent.

This section includes, among others, and without limiting the scope hereof (whether or not title to materials used in the performance of

such business passes to another by accession, confusion or other than by outright sale), persons engaged in the business of rendering any type of service which does not constitute a "sale at retail" or a "sale at wholesale." The value of advertising, demonstration, and promotional supplies and materials furnished to an agent by his principal or supplier to be used for informational, educational and promotional purposes shall not be considered a part of the agent's remuneration or commission and shall not be subject to taxation under this section.

Sec. 5. RCW 82.04.290 and 1998 c 343 s 4, 1998 c 331 s 2, 1998 c 312 s 8, and 1998 c 308 s 4 are each reenacted and amended to read as follows:

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

(2) Upon every person engaging within this state in any business activity other than or in addition to those enumerated in RCW 82.04.230, 82.04.240, 82.04.250, 82.04.255, 82.04.260, 82.04.270, section 1 of this act, 82.04.2905, 82.04.280, 82.04.2635, 82.04.2907, and 82.04.272, and subsection (1) of this section; as to such persons the amount of tax on account of such activities shall be equal to the gross income of the business multiplied by the rate of 1.5 percent.

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

Sec. 6. RCW 82.04.290 and 1998 c 343 s 4, 1998 c 331 s 2, 1998 c 312 s 8, and 1998 c 308 s 5 are each reenacted and amended to read as follows:

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

(2) Upon every person engaging within this state in any business activity other than or in addition to those enumerated in RCW 82.04.230, 82.04.240, 82.04.250, 82.04.255, 82.04.260, 82.04.270, section 1 of this act, 82.04.2905, 82.04.280, 82.04.2907, and 82.04.272, and subsection (1) of this section; as to such persons the amount of tax on account of such activities shall be equal to the gross income of the business multiplied by the rate of 1.5 percent.

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

Sec. 7. RCW 82.19.050 and 2001 c 118 s 7 are each amended to read as follows:

The litter tax imposed in this chapter does not apply to:

(1) The manufacture or sale of products for use and consumption outside the state; (~~or~~)

(2) The value of products or gross proceeds of the sales exempt from tax under RCW 82.04.330; or

(3) The sale of products for resale by a grocery distribution cooperative to customer-owners of the grocery distribution cooperative or of the entity controlling the grocery distribution cooperative. For the purposes of this section, "grocery distribution cooperative,"

"customer-owner," and "controlling" have the meanings given in section 1 of this act.

Sec. 8. RCW 82.19.050 and 1992 c 175 s 7 are each amended to read as follows:

The litter tax imposed in this chapter does not apply to:

(1) The manufacture or sale of products for use and consumption outside the state; ~~((or))~~

(2) The value of products or gross proceeds of the sales of any animal, bird, or insect or the milk, eggs, wool, fur, meat, honey, or other substance obtained therefrom, if the person performs only the growing or raising function of such animal, bird, or insect; or

(3) The sale of products for resale by a grocery distribution cooperative to customer-owners of the grocery distribution cooperative or of the entity controlling the grocery distribution cooperative. For the purposes of this section, "grocery distribution cooperative," "customer-owner," and "controlling" have the meanings given in section 1 of this act.

NEW SECTION. **Sec. 9.** (1) Sections 1, 2, 4, and 8 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect immediately.

(2) Sections 3 and 5 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect July 1, 2001.

(3) Section 6 of this act takes effect July 1, 2003.

(4) Section 7 is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 22, 2001.

NEW SECTION. **Sec. 10.** (1) Sections 2 and 4 of this act expire July 1, 2001.

(2) Section 5 of this act expires July 1, 2003.

(3) Section 8 of this act expires July 22, 2001."

Correct the title.

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