

SSB 6011 - S AMD 222

By Senators Rossi, Regala

ADOPTED 03/19/2003

1 Strike everything after the enacting clause and insert the  
2 following:

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

5 (1) Upon every person engaging in this state in the business of  
6 providing staffing services that would otherwise be subject to tax  
7 under RCW 82.04.290(2); as to such persons the amount of tax with  
8 respect to such business shall be equal to the gross income of the  
9 business, multiplied by the rate of .484 percent. If the staffing  
10 activities are conducted both within and without this state, the amount  
11 of tax on such person shall be equal to the apportioned gross income of  
12 the business multiplied by the rate of .484 percent.

13 (2) The apportioned gross income shall be calculated by multiplying  
14 the apportionable income by a fraction, the numerator of which is the  
15 sum of the property factor, if any, the payroll factor, if any, and the  
16 sales factor, if any, and the denominator of which is three reduced by  
17 the number of factors that have a denominator of zero. The  
18 apportionment factors shall be calculated according to rules adopted by  
19 the department consistent with the principles and concepts contained in  
20 chapter 82.56 RCW but are not required to be identical to those  
21 contained in chapter 82.56 RCW. If the provisions of this section do  
22 not fairly represent the extent of the taxpayer's business activity in  
23 this state, the taxpayer may petition for or the department may require  
24 the use of an alternative apportionment method, if reasonable, such as  
25 separate accounting, the exclusion of any one or more of the factors,  
26 or the inclusion of one or more additional factors.

27 (3) The definitions in this subsection apply to this section.

28 (a) "Apportionable income" means the gross income of the taxpayer,  
29 which includes but is not limited to all amounts received for providing

1 the temporary workers, subject to tax under subsection (1) of this  
2 section, less the exemptions and deductions allowable under this  
3 chapter.

4 (b) "Staffing services" means an arrangement in which the taxpayer  
5 recruits and hires employees from the labor market and assigns them on  
6 a temporary basis to perform services for another to support or  
7 supplement the customer's work force, or to provide assistance in  
8 special work situations such as employee absences, skill shortages, and  
9 seasonal workloads, or to perform special assignments or projects, all  
10 under the direction and supervision of the customer. "Staffing  
11 services" does not include employee leasing or employee placement  
12 services.

13 **Sec. 2.** RCW 82.04.290 and 2001 1st sp.s. c 9 s 6 are each amended  
14 to read as follows:

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

20 (2) Upon every person engaging within this state in any business  
21 activity other than or in addition to those enumerated in RCW  
22 82.04.230, 82.04.240, 82.04.250, 82.04.255, 82.04.260, 82.04.270,  
23 82.04.298, 82.04.2905, 82.04.280, 82.04.2907, (~~and~~) 82.04.272,  
24 section 1 of this act, and subsection (1) of this section; as to such  
25 persons the amount of tax on account of such activities shall be equal  
26 to the gross income of the business multiplied by the rate of 1.5  
27 percent.

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

1 remuneration or commission and shall not be subject to taxation under  
2 this section."

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3 On page 1, line 2 of the title, after "businesses;" strike the  
4 remainder of the title and insert "amending RCW 82.04.290; and adding  
5 a new section to chapter 82.04 RCW."

EFFECT: Technical amendment clarifying that the tax rate is reduced to 0.484% for only temporary staffing services that would otherwise be taxed as services.

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