
SUBSTITUTE SENATE BILL 6011

State of Washington

58th Legislature

2003 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senator Rossi)

READ FIRST TIME 03/10/03.

1 AN ACT Relating to the business and occupation tax treatment of
2 staffing businesses; and adding a new section to chapter 82.04 RCW.

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

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

6 (1) Except as provided in subsection (2) of this section, upon
7 every person engaging in this state in the business of providing
8 staffing services taxable under this subsection; as to such persons the
9 amount of tax with respect to such business shall be equal to the gross
10 income of the business, multiplied by the rate of .484 percent. If the
11 staffing activities are conducted both within and without this state,
12 the amount of tax on such person shall be equal to the apportioned
13 gross income of the business multiplied by the rate of .484 percent.

14 (2) Persons providing staffing services to provide services that
15 would be taxable under RCW 82.04.050(2) if performed for a consumer,
16 are not taxable under this section and remain taxable under RCW
17 82.04.050 or 82.04.060 as applicable.

18 (3) The apportioned gross income shall be calculated by multiplying
19 the apportionable income by a fraction, the numerator of which is the

1 sum of the property factor, if any, the payroll factor, if any, and the
2 sales factor, if any, and the denominator of which is three reduced by
3 the number of factors that have a denominator of zero. The
4 apportionment factors shall be calculated according to rules adopted by
5 the department consistent with the principles and concepts contained in
6 chapter 82.56 RCW but are not required to be identical to those
7 contained in chapter 82.56 RCW. If the provisions of this section do
8 not fairly represent the extent of the taxpayer's business activity in
9 this state, the taxpayer may petition for or the department may require
10 the use of an alternative apportionment method, if reasonable, such as
11 separate accounting, the exclusion of any one or more of the factors,
12 or the inclusion of one or more additional factors.

13 (4) The definitions in this subsection apply to this section.

14 (a) "Apportionable income" means the gross income of the taxpayer,
15 which includes but is not limited to all amounts received for providing
16 the temporary workers, subject to tax under subsection (1) of this
17 section, less the exemptions and deductions allowable under this
18 chapter.

19 (b) "Staffing services" means an arrangement in which the taxpayer
20 recruits and hires employees from the labor market and assigns them on
21 a temporary basis to perform services for another to support or
22 supplement the customer's work force, or to provide assistance in
23 special work situations such as employee absences, skill shortages, and
24 seasonal workloads, or to perform special assignments or projects, all
25 under the direction and supervision of the customer. "Staffing
26 services" does not include employee leasing or employee placement
27 services.

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