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SENATE BILL 6011

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State of Washington

58th Legislature

2003 Regular Session

By Senator Rossi

Read first time 03/03/2003. Referred to Committee on Ways & Means.

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; as to such persons the amount of tax with respect to  
9 such business shall be equal to the gross income of the business  
10 multiplied by the rate of .484 percent. If the activities are  
11 conducted both within and without this state, the amount of tax on such  
12 person shall be equal to the apportioned gross income of the business  
13 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 remain taxable under RCW 82.04.050 or 82.04.060 as applicable.

17 (3) The apportioned gross income shall be calculated by multiplying  
18 the apportionable income by a fraction, the numerator of which is the  
19 sum of the property factor, if any, the payroll factor, if any, and the

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

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

13 (a) "Apportionable income" means the gross income of the taxpayer,  
14 less the exemptions and deductions allowable under this chapter.

15 (b) "Staffing services" means an arrangement in which the staffing  
16 business recruits and hires its own employees from the labor market and  
17 assigns them to perform services for another to support, supplement, or  
18 provide their work force, or to provide assistance in special work  
19 situations such as employee absences, skill shortages, and seasonal  
20 workloads, or to perform special assignments or projects. "Staffing  
21 services" includes recruitment and search firms that make job  
22 placements on behalf of employers and job candidates. It includes all  
23 receipts and charges associated with providing the workers.

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