

1462-S

Sponsor(s): House Committee on Finance (originally sponsored by Representatives Morris, Cairnes, Gombosky, Ruderman, Nixon, Ericksen, Miloscia, Anderson, Wallace, Benson, Newhouse, Tom, Chandler, Orcutt, Woods, McMahan, Talcott and Campbell)

Brief Description: Prohibiting local governments from imposing business and occupation tax on intellectual property.

HB 1462-S.E - DIGEST

(DIGEST AS ENACTED)

Provides that: (1) A city may not impose a gross receipts tax on intellectual property creating activities.

(2) A city may impose a gross receipts tax measured by gross receipts from royalties only on taxpayers domiciled in the city. For the purposes of this provision, "royalties" does not include gross receipts from casual or isolated sales as defined in RCW 82.04.040, grants, capital contributions, donations, or endowments.

(3) This provision does not prohibit a city from imposing a gross receipts tax measured by the value of products manufactured in the city merely because intellectual property creating activities are involved in the design or manufacturing of the products. An intellectual property creating activity shall not constitute an activity defined within the meaning of the term "to manufacture" under chapter 82.04 RCW.

(4) This provision does not prohibit a city from imposing a gross receipts tax measured by the gross proceeds of sales made in the city merely because intellectual property creating activities are involved in creation of the articles sold.

(5) This provision does not prohibit a city from imposing a gross receipts tax measured by the gross income received for services rendered in the city merely because intellectual property creating activities are some part of services rendered.

(6) A tax in effect on January 1, 2002, is not subject to this act until January 1, 2004.