

6424

Sponsor(s): Senators Hewitt, Regala, Esser, Eide, Hale, Berkey, Kohl-Welles, Rasmussen and Pflug

Brief Description: Clarifying the taxation of staffing services.

**SB 6424 - DIGEST**

(SUBSTITUTED FOR - SEE 1ST SUB)

Declares that the legislature has determined that it is in the best interests of the state and the temporary staffing industry to alleviate the fiscal impact to the industry, and to fully resolve the issues of the classification and measure of the tax.

Finds that this can be achieved by lowering the rate of tax imposed on the gross income of a temporary staffing agency, which amount includes all wages, benefits, and costs paid to or for workers, and clarifying that persons providing retail services will be taxable under the retailing or wholesaling classification.

Provides that, absent a person's fraud or intentional misrepresentation of a material fact, no assessment for taxes imposed under chapters 82.08 and 82.12 RCW for staffing services, or related penalties or interest, may be made by the department against a person who in good faith: (1) Upon the effective date of this act, collects and remits to the department the applicable taxes imposed under chapters 82.08 and 82.12 RCW on sales made to consumers in this state; and

(2) For a period of at least thirty-six months from the effective date of this act, continues to collect and remit to the department the applicable taxes imposed under chapters 82.08 and 82.12 RCW on sales made to consumers in this state; provided however, that should the person quit doing business as a staffing service, then the thirty-six month period shall be reduced to the period that the person conducted business as a staffing service from the effective date of this act.