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HOUSE BILL 3275

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State of Washington                      60th Legislature                      2008 Regular Session

By Representatives Linville, Ericksen, Morris, and McIntire

1            AN ACT Relating to the taxation of grocery distribution  
2 cooperatives; and amending RCW 82.04.298.

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

4            **Sec. 1.** RCW 82.04.298 and 2001 1st sp.s. c 9 s 1 are each amended  
5 to read as follows:

6            (1) The amount of tax with respect to a qualified grocery  
7 distribution cooperative's sales of groceries or related goods for  
8 resale, excluding items subject to tax under RCW 82.04.260(4), to  
9 customer-owners of the grocery distribution cooperative is equal to the  
10 gross proceeds of sales of the grocery distribution cooperative  
11 multiplied by the rate of one and one-half percent.

12            (2) A qualified grocery distribution cooperative is allowed a  
13 deduction from the gross proceeds of sales of groceries or related  
14 goods for resale, excluding items subject to tax under RCW  
15 82.04.260(4), to customer-owners of the grocery distribution  
16 cooperative that is equal to the portion of the gross proceeds of sales  
17 for resale that represents the actual cost of the merchandise sold by  
18 the grocery distribution cooperative to customer-owners.

1 (3) The definitions in this subsection apply throughout this  
2 section unless the context clearly requires otherwise.

3 (a) "Grocery distribution cooperative" means an entity that sells  
4 groceries and related items to customer-owners of the grocery  
5 distribution cooperative and has customer-owners, in the aggregate, who  
6 own a majority of the outstanding ownership interests of the grocery  
7 distribution cooperative or of the entity controlling the grocery  
8 distribution cooperative. "Grocery distribution cooperative" includes  
9 an entity that controls a grocery distribution cooperative.

10 (b) "Qualified grocery distribution cooperative" means:

11 (i) A grocery distribution cooperative that has been determined by  
12 a court of record of the state of Washington to be not engaged in  
13 wholesaling or making sales at wholesale, within the meaning of RCW  
14 82.04.270 or any similar provision of a municipal ordinance that  
15 imposes a tax on gross receipts, gross proceeds of sales, or gross  
16 income, with respect to purchases made by customer-owners, and  
17 subsequently changes its form of doing business to make sales at  
18 wholesale of groceries or related items to its customer-owners; or

19 (ii) A grocery distribution cooperative that has acquired  
20 substantially all of the assets of a grocery distribution cooperative  
21 described in (b)(i) of this subsection.

22 (c) "Customer-owner" means a person who has an ownership interest  
23 in a grocery distribution cooperative and purchases groceries and  
24 related items at wholesale from that grocery distribution cooperative.

25 (d) "Controlling" means holding fifty percent or more of the voting  
26 interests of an entity and having at least equal power to direct or  
27 cause the direction of the management and policies of the entity,  
28 whether through the ownership of voting securities, by contract, or  
29 otherwise.

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