

SB 5083 - DIGEST

(DIGEST AS ENACTED)

Clarifies existing law that the basis for determining the business and occupation tax for real estate firms is the commission amount received by each real estate firm involved in a real estate transaction.

Preserves the historic method of calculating business and occupation tax for real estate firms.

VETO MESSAGE ON SB 5083

May 12, 2011

To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to Section 3, Senate Bill 5083 entitled:

"AN ACT Relating to clarifying that the basis for business and occupation tax for real estate firms is the commission amount received by each real estate firm involved in a transaction."

Senate Bill 5083 provides that when a real estate commission on a particular transaction is divided among real estate firms at the closing of the transaction, each firm must pay the tax only upon its respective share.

Section 3 would apply this act both prospectively and retroactively. The retroactive application of the bill would reward delinquent taxpayers while those who paid on time would not receive a refund under the prohibition on the gift of state funds in Article VIII, Section 5 of the Washington Constitution, as interpreted by the Washington Supreme Court.

For this reason, I have vetoed Section 3 of Senate Bill 5083.

With the exception of Section 3, Senate Bill 5083 is approved.

Respectfully submitted,
Christine Gregoire
Governor