
HOUSE BILL 2991

State of Washington

64th Legislature

2016 Regular Session

By Representatives Farrell, Riccelli, Jinkins, Robinson, Bergquist, Gregerson, Pollet, Kuderer, Ryu, Frame, Tarleton, Moscoso, Tharinger, Cody, Fey, Sells, Appleton, Reykdal, Ortiz-Self, Wylie, S. Hunt, Kagi, Hudgins, Moeller, Ormsby, and Peterson

1 AN ACT Relating to improving the fairness of Washington's tax
2 system by narrowing the deduction for income received on real estate
3 loans; amending RCW 82.04.29005; adding a new section to chapter
4 82.32 RCW; and adding a new section to chapter 43.135 RCW.

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

6 **Sec. 1.** RCW 82.04.29005 and 2012 2nd sp.s. c 6 s 101 are each
7 amended to read as follows:

8 (1) Amounts received as interest on loans originated by a person
9 (~~located in more than ten states~~) that is not a community bank, or
10 an affiliate of such person that is not a community bank, and
11 primarily secured by first mortgages or trust deeds on nontransient
12 residential properties are subject to tax under RCW 82.04.290(2)(a).

13 (2) For the purposes of this (~~subsection~~ ~~[section]~~) section, a
14 person is located in a state if:

15 (a) The person or an affiliate of the person maintains a branch,
16 office, or one or more employees or representatives in the state; and

17 (b) Such in-state presence allows borrowers or potential
18 borrowers to contact the branch, office, employee, or representative
19 concerning the acquiring, negotiating, renegotiating, or
20 restructuring of, or making payments on, mortgages issued or to be
21 issued by the person or an affiliate of the person.

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

4 (a) "Affiliate" means a person is affiliated with another person,
5 and "affiliated" has the same meaning as in RCW 82.04.645(~~and~~).

6 (b) "Community bank" means a person with assets of ten billion
7 dollars or less.

8 (c) "Interest" has the same meaning as in RCW 82.04.4292 and also
9 includes servicing fees described in RCW 82.04.4292(4).

10 NEW SECTION. Sec. 2. A new section is added to chapter 82.32
11 RCW to read as follows:

12 (1) By the last workday of the second and fourth calendar
13 quarters, the state treasurer must transfer the amount specified in
14 subsection (2) of this section from the general fund to the education
15 legacy trust account. The first transfer under this subsection (1)
16 must occur by December 31, 2016.

17 (2) By December 15th and by June 15th of each year, the
18 department must estimate the increase in state general fund revenues
19 from the changes made under section 1 of this act for the current and
20 prior calendar quarters and notify the state treasurer of the
21 increase.

22 NEW SECTION. Sec. 3. A new section is added to chapter 43.135
23 RCW to read as follows:

24 RCW 43.135.034(4) does not apply to the transfers under section 2
25 of this act.

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