
SENATE BILL 5961

State of Washington 65th Legislature 2017 2nd Special Session

By Senator Chase

Read first time 06/21/17. Referred to Committee on Ways & Means.

1 AN ACT Relating to changing the business and occupation tax from
2 a gross receipts tax to a net receipts tax; amending RCW 82.04.220;
3 and declaring an emergency.

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

5 **Sec. 1.** RCW 82.04.220 and 2011 1st sp.s. c 20 s 101 are each
6 amended to read as follows:

7 (1) There is levied and collected from every person that has a
8 substantial nexus with this state a tax for the act or privilege of
9 engaging in business activities. The tax is measured by the
10 application of rates against (~~value of products, gross proceeds of~~
11 ~~sales, or gross income of the business, as the case may be~~) net
12 receipts.

13 (2) A person who has a substantial nexus with this state in any
14 tax year under the provisions of RCW 82.04.067 will be deemed to have
15 a substantial nexus with this state for the following tax year.

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

18 (a) "Business expense" means the cost of carrying on a trade or
19 business that is allowed by the federal internal revenue service as a
20 deduction from business income that is reported on the person's
21 federal income tax return. To substantiate a business expense for the

1 purposes of this section, the department may require a copy of the
2 person's applicable federal tax return to be provided to the
3 department.

4 (b) "Business income" means the value of products, gross proceeds
5 of sales, or gross income of the business, as the case may be.

6 (c) "Net receipts" means business income minus business expenses.

7 NEW SECTION. **Sec. 2.** This act is necessary for the immediate
8 preservation of the public peace, health, or safety, or support of
9 the state government and its existing public institutions, and takes
10 effect immediately.

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