

1 2680.E AAS 3/5/92

2 EHB 2680 - S COMM AMD
3 By Committee on Ways & Means

4 ADOPTED AS AMENDED 3/5/92

5 Strike everything after the enacting clause and insert the
6 following:

7 "Sec. 1. RCW 82.04.170 and 1985 c 135 s 1 are each amended to read
8 as follows:

9 "Tuition fee" includes library, laboratory, health service and
10 other special fees, and amounts charged for room and board by an
11 educational institution when the property or service for which such
12 charges are made is furnished exclusively to the students or faculty of
13 such institution. "Educational institution," as used in this section,
14 means only those institutions created or generally accredited as such
15 by the state, or defined as a degree granting institution under RCW
16 (~~(28B.05.030(10))~~) 28B.85.010(3) and accredited by an accrediting
17 association recognized by the United States secretary of education, and
18 offering to students an educational program of a general academic
19 nature or those institutions which are not operated for profit and
20 which are privately endowed under a deed of trust to offer instruction
21 in trade, industry, and agriculture, but not including specialty
22 schools, business colleges, other trade schools, or similar
23 institutions."

24 "Sec. 2. RCW 82.08.050 and 1986 c 36 s 1 are each amended to read
25 as follows:

26 The tax hereby imposed shall be paid by the buyer to the seller,
27 and each seller shall collect from the buyer the full amount of the tax

1 payable in respect to each taxable sale in accordance with the schedule
2 of collections adopted by the department pursuant to the provisions of
3 RCW 82.08.060. The tax required by this chapter, to be collected by
4 the seller, shall be deemed to be held in trust by the seller until
5 paid to the department, and any seller who appropriates or converts the
6 tax collected to his or her own use or to any use other than the
7 payment of the tax to the extent that the money required to be
8 collected is not available for payment on the due date as prescribed in
9 this chapter shall be guilty of a gross misdemeanor.

10 In case any seller fails to collect the tax herein imposed or
11 having collected the tax, fails to pay it to the department in the
12 manner prescribed by this chapter, whether such failure is the result
13 of his or her own acts or the result of acts or conditions beyond his
14 or her control, he or she shall, nevertheless, be personally liable to
15 the state for the amount of the tax.

16 The amount of tax, until paid by the buyer to the seller or to the
17 department, shall constitute a debt from the buyer to the seller and
18 any seller who fails or refuses to collect the tax as required with
19 intent to violate the provisions of this chapter or to gain some
20 advantage or benefit, either direct or indirect, and any buyer who
21 refuses to pay any tax due under this chapter shall be guilty of a
22 misdemeanor. The tax required by this chapter to be collected by the
23 seller shall be stated separately from the selling price in any sales
24 invoice or other instrument of sale. On all retail sales through
25 vending machines, the tax need not be stated separately from the
26 selling price or collected separately from the buyer. For purposes of
27 determining the tax due from the buyer to the seller and from the
28 seller to the department it shall be conclusively presumed that the
29 selling price quoted in any price list, sales document, contract or
30 other agreement between the parties does not include the tax imposed by

1 this chapter, but if the seller advertises the price as including the
2 tax or that the seller is paying the tax, the advertised price shall
3 not be considered the selling price.

4 Where a buyer has failed to pay to the seller the tax imposed by
5 this chapter and the seller has not paid the amount of the tax to the
6 department, the department may, in its discretion, proceed directly
7 against the buyer for collection of the tax, in which case a penalty of
8 ten percent may be added to the amount of the tax for failure of the
9 buyer to pay the same to the seller, regardless of when the tax may be
10 collected by the department; and all of the provisions of chapter 82.32
11 RCW, including those relative to interest and penalties, shall apply in
12 addition; and, for the sole purpose of applying the various provisions
13 of chapter 82.32 RCW, the (~~fifteenth~~) twenty-fifth day of the month
14 following the tax period in which the purchase was made shall be
15 considered as the due date of the tax."

16 "Sec. 3. RCW 82.32.090 and 1991 c 142 s 11 are each amended to
17 read as follows:

18 (1) If payment of any tax due on a return to be filed by a taxpayer
19 is not received by the department of revenue by the due date, there
20 shall be assessed a penalty of five percent of the amount of the tax;
21 and if the tax is not received within thirty days after the due date,
22 there shall be assessed a total penalty of ten percent of the amount of
23 the tax; and if the tax is not received within sixty days after the due
24 date, there shall be assessed a total penalty of twenty percent of the
25 amount of the tax. No penalty so added shall be less than five
26 dollars.

27 (2) If payment of any tax assessed by the department of revenue is
28 not received by the department by the due date specified in the notice,
29 or any extension thereof, the department shall add a penalty of ten

1 percent of the amount of the additional tax found due. No penalty so
2 added shall be less than five dollars.

3 (3) If a warrant be issued by the department of revenue for the
4 collection of taxes, increases, and penalties, there shall be added
5 thereto a penalty of five percent of the amount of the tax, but not
6 less than ten dollars.

7 (4) If the department finds that all or any part of a deficiency
8 resulted from the disregard of specific written instructions as to
9 reporting or tax liabilities, the department shall add a penalty of ten
10 percent of the amount of the additional tax found due because of the
11 failure to follow the instructions. A taxpayer disregards specific
12 written instructions when the department of revenue has informed the
13 taxpayer in writing of the taxpayer's tax obligations and the taxpayer
14 fails to act in accordance with those instructions unless the
15 department has not issued final instructions because the matter is
16 under appeal pursuant to this chapter or departmental regulations. The
17 department shall not assess the penalty under this section upon any
18 taxpayer who has made a good faith effort to comply with the specific
19 written instructions provided by the department to that taxpayer.
20 Specific written instructions may be given as a part of a tax
21 assessment, audit, determination, or closing agreement, provided that
22 such specific written instructions shall apply only to the taxpayer
23 addressed or referenced on such documents. Any specific written
24 instructions by the department of revenue shall be clearly identified
25 as such and shall inform the taxpayer that failure to follow the
26 instructions may subject the taxpayer to the penalties imposed by this
27 subsection.

28 (5) If the department finds that all or any part of the deficiency
29 resulted from an intent to evade the tax payable hereunder, a further

1 penalty of fifty percent of the additional tax found to be due shall be
2 added.

3 (6) The aggregate of penalties imposed under this section for
4 failure to pay a tax due on a return by the due date, late payment of
5 any tax, increase, or penalty, or issuance of a warrant shall not
6 exceed thirty-five percent of the tax due, or twenty dollars, whichever
7 is greater.

8 (7) The department of revenue may not impose both the evasion
9 penalty and the penalty for disregarding specific written instructions
10 on the same tax found to be due."

11 **"Sec. 4.** RCW 82.32.180 and 1989 c 378 s 23 are each amended to
12 read as follows:

13 Any person, except one who has failed to keep and preserve books,
14 records, and invoices as required in this chapter and chapter 82.24
15 RCW, having paid any tax as required and feeling aggrieved by the
16 amount of the tax may appeal to the superior court of Thurston county,
17 within the time limitation for a refund provided in chapter 82.32 RCW
18 or, if an application for refund has been made to the department within
19 that time limitation, then within thirty days after rejection of the
20 application, whichever time limitation is later. In the appeal the
21 taxpayer shall set forth the amount of the tax imposed upon the
22 taxpayer which the taxpayer concedes to be the correct tax and the
23 reason why the tax should be reduced or abated. The appeal shall be
24 perfected by serving a copy of the notice of appeal upon the department
25 within the time herein specified and by filing the original thereof
26 with proof of service with the clerk of the superior court of Thurston
27 county. (~~Within ten days after filing the notice of appeal, the~~
28 ~~taxpayer shall file with the clerk of the superior court a good and~~
29 ~~sufficient surety bond payable to the state in the sum of two hundred~~

1 dollars, conditioned to diligently prosecute the appeal and pay the
2 state all costs that may be awarded if the appeal of the taxpayer is
3 not sustained.))

4 The trial in the superior court on appeal shall be de novo and
5 without the necessity of any pleadings other than the notice of appeal.
6 The burden shall rest upon the taxpayer to prove that the tax as paid
7 by the taxpayer is incorrect, either in whole or in part, and to
8 establish the correct amount of the tax. In such proceeding the
9 taxpayer shall be deemed the plaintiff, and the state, the defendant;
10 and both parties shall be entitled to subpoena the attendance of
11 witnesses as in other civil actions and to produce evidence that is
12 competent, relevant, and material to determine the correct amount of
13 the tax that should be paid by the taxpayer. Either party may seek
14 appellate review in the same manner as other civil actions are appealed
15 to the appellate courts.

16 It shall not be necessary for the taxpayer to protest against the
17 payment of any tax or to make any demand to have the same refunded or
18 to petition the director for a hearing in order to appeal to the
19 superior court, but no court action or proceeding of any kind shall be
20 maintained by the taxpayer to recover any tax paid, or any part
21 thereof, except as herein provided.

22 The provisions of this section shall not apply to any tax payment
23 which has been the subject of an appeal to the board of tax appeals
24 with respect to which appeal a formal hearing has been elected."

25 "Sec. 5. RCW 67.28.183 and 1988 c 61 s 2 are each amended to read
26 as follows:

27 (1) The ((tax)) taxes levied ((by RCW 67.28.180 and 67.28.182))
28 under this chapter shall not apply to emergency lodging provided for
29 homeless persons for a period of less than thirty consecutive days

1 under a shelter voucher program administered by an eligible
2 organization.

3 (2) For the purposes of this exemption, an eligible organization
4 includes only cities, towns, and counties, or their respective
5 agencies, and groups providing emergency food and shelter services."

6 "Sec. 6. RCW 82.29A.020 and 1986 c 285 s 1 are each amended to
7 read as follows:

8 As used in this chapter the following terms shall be defined as
9 follows, unless the context otherwise requires:

10 (1) "Leasehold interest" shall mean an interest in publicly owned
11 real or personal property which exists by virtue of any lease, permit,
12 license, or any other agreement, written or verbal, between the public
13 owner of the property and a person who would not be exempt from
14 property taxes if that person owned the property in fee, granting
15 possession and use, to a degree less than fee simple ownership:
16 PROVIDED, That no interest in personal property (excluding land or
17 buildings) which is owned by the United States, whether or not as
18 trustee, or by any foreign government shall constitute a leasehold
19 interest hereunder when the right to use such property is granted
20 pursuant to a contract solely for the manufacture or production of
21 articles for sale to the United States or any foreign government. The
22 term "leasehold interest" shall include the rights of use or occupancy
23 by others of property which is owned in fee or held in trust by a
24 public corporation, commission, or authority created under RCW
25 35.21.730 or 35.21.660 if the property is listed on or is within a
26 district listed on any federal or state register of historical sites.
27 The term "leasehold interest" shall not include road or utility
28 easements or rights of access, occupancy or use granted solely for the

1 purpose of removing materials or products purchased from a public owner
2 or the lessee of a public owner.

3 (2) "Taxable rent" shall mean contract rent as defined in
4 subsection (a) of this subsection in all cases where the lease or
5 agreement has been established or renegotiated through competitive
6 bidding, or negotiated or renegotiated in accordance with statutory
7 requirements regarding the rent payable, or negotiated or renegotiated
8 under circumstances, established by public record, clearly showing that
9 the contract rent was the maximum attainable by the lessor: PROVIDED,
10 That after January 1, 1986, with respect to any lease which has been in
11 effect for ten years or more without renegotiation, taxable rent may be
12 established by procedures set forth in subsection (b) of this
13 subsection. All other leasehold interests shall be subject to the
14 determination of taxable rent under the terms of subsection (b) of this
15 subsection.

16 (a) "Contract rent" shall mean the amount of consideration due as
17 payment for a leasehold interest, including: The total of cash
18 payments made to the lessor or to another party for the benefit of the
19 lessor according to the requirements of the lease or agreement,
20 including any rents paid by a sublessee; expenditures for the
21 protection of the lessor's interest when required by the terms of the
22 lease or agreement; and expenditures for improvements to the property
23 to the extent that such improvements become the property of the lessor.
24 Where the consideration conveyed for the leasehold interest is made in
25 combination with payment for concession or other rights granted by the
26 lessor, only that portion of such payment which represents
27 consideration for the leasehold interest shall be part of contract
28 rent.

29 "Contract rent" shall not include: (i) Expenditures made by the
30 lessee, which under the terms of the lease or agreement, are to be

1 reimbursed by the lessor to the lessee or expenditures for improvements
2 and protection made pursuant to a lease or an agreement which requires
3 that the use of the improved property be open to the general public and
4 that no profit will inure to the lessee from the lease; (ii)
5 expenditures made by the lessee for the replacement or repair of
6 facilities due to fire or other casualty including payments for
7 insurance to provide reimbursement for losses or payments to a public
8 or private entity for protection of such property from damage or loss
9 or for alterations or additions made necessary by an action of
10 government taken after the date of the execution of the lease or
11 agreement; (iii) improvements added to publicly owned property by a
12 sublessee under an agreement executed prior to January 1, 1976, which
13 have been taxed as personal property of the sublessee prior to January
14 1, 1976, or improvements made by a sublessee of the same lessee under
15 a similar agreement executed prior to January 1, 1976, and such
16 improvements shall be taxable to the sublessee as personal property;
17 (iv) improvements added to publicly owned property if such improvements
18 are being taxed as personal property to any person.

19 Any prepaid contract rent shall be considered to have been paid in
20 the year due and not in the year actually paid with respect to
21 prepayment for a period of more than one year. Expenditures for
22 improvements with a useful life of more than one year which are
23 included as part of contract rent shall be treated as prepaid contract
24 rent and prorated over the useful life of the improvement or the
25 remaining term of the lease or agreement if the useful life is in
26 excess of the remaining term of the lease or agreement. Rent prepaid
27 prior to January 1, 1976, shall be prorated from the date of
28 prepayment.

29 With respect to a "product lease", the value of agricultural
30 products received as rent shall be the value at the place of delivery

1 as of the fifteenth day of the month of delivery; with respect to all
2 other products received as contract rent, the value shall be that value
3 determined at the time of sale under terms of the lease.

4 (b) If it shall be determined by the department of revenue, upon
5 examination of a lessee's accounts or those of a lessor of publicly
6 owned property, that a lessee is occupying or using publicly owned
7 property in such a manner as to create a leasehold interest and that
8 such leasehold interest has not been established through competitive
9 bidding, or negotiated in accordance with statutory requirements
10 regarding the rent payable, or negotiated under circumstances,
11 established by public record, clearly showing that the contract rent
12 was the maximum attainable by the lessor, the department may establish
13 a taxable rent computation for use in determining the tax payable under
14 authority granted in this chapter based upon the following criteria:

15 (i) Consideration shall be given to rental being paid to other lessors
16 by lessees of similar property for similar purposes over similar
17 periods of time; (ii) consideration shall be given to what would be
18 considered a fair rate of return on the market value of the property
19 leased less reasonable deductions for any restrictions on use, special
20 operating requirements or provisions for concurrent use by the lessor,
21 another person or the general public.

22 (3) "Product lease" as used in this chapter shall mean a lease of
23 property for use in the production of agricultural or marine products
24 to the extent that such lease provides for the contract rent to be paid
25 by the delivery of a stated percentage of the production of such
26 agricultural or marine products to the credit of the lessor or the
27 payment to the lessor of a stated percentage of the proceeds from the
28 sale of such products.

29 (4) "Renegotiated" means a change in the lease agreement which
30 changes the agreed time of possession, restrictions on use, the rate of

1 the cash rental or of any other consideration payable by the lessee to
2 or for the benefit of the lessor, other than any such change required
3 by the terms of the lease or agreement, except that a lease for ten
4 years or longer that calls for changes in rent on a set schedule of at
5 least every five years shall be considered a renegotiated lease, if the
6 change in rent is based on a standard state or federal index such as
7 the consumer price index. In addition "renegotiated" shall mean a
8 continuation of possession by the lessee beyond the date when, under
9 the terms of the lease agreement, the lessee had the right to vacate
10 the premises without any further liability to the lessor.

11 (5) "City" means any city or town."

12 "Sec. 7. RCW 82.29A.130 and 1975-'76 2nd ex.s. c 61 s 13 are each
13 amended to read as follows:

14 The following leasehold interests shall be exempt from taxes
15 imposed pursuant to RCW 82.29A.030 and 82.29A.040:

16 (1) All leasehold interests constituting a part of the operating
17 properties of any public utility which is assessed and taxed as a
18 public utility pursuant to chapter 84.12 RCW.

19 (2) All leasehold interests in facilities owned or used by a
20 school, college or university which leasehold provides housing for
21 students and which is otherwise exempt from taxation under provisions
22 of RCW 84.36.010 and 84.36.050.

23 (3) All leasehold interests of subsidized housing where the fee
24 ownership of such property is vested in the government of the United
25 States, or the state of Washington or any political subdivision thereof
26 but only if income qualification exists for such housing.

27 (4) All leasehold interests used for fair purposes of a nonprofit
28 fair association that sponsors or conducts a fair or fairs which
29 receive support from revenues collected pursuant to RCW 67.16.100 and

1 allocated by the director of the department of agriculture where the
2 fee ownership of such property is vested in the government of the
3 United States, the state of Washington or any of its political
4 subdivisions: PROVIDED, That this exemption shall not apply to the
5 leasehold interest of any sublessee of such nonprofit fair association
6 if such leasehold interest would be taxable if it were the primary
7 lease.

8 (5) All leasehold interests in any property of any public entity
9 used as a residence by an employee of that public entity who is
10 required as a condition of employment to live in the publicly owned
11 property.

12 (6) All leasehold interests held by enrolled Indians of lands owned
13 or held by any Indian or Indian tribe where the fee ownership of such
14 property is vested in or held in trust by the United States and which
15 are not subleased to other than to a lessee which would qualify
16 pursuant to this chapter, RCW 84.36.451 and 84.40.175.

17 (7) All leasehold interests in any real property of any Indian or
18 Indian tribe, band, or community that is held in trust by the United
19 States or is subject to a restriction against alienation imposed by the
20 United States: PROVIDED, That this exemption shall apply only where it
21 is determined that contract rent paid is greater than or equal to
22 ninety percent of fair market rental, to be determined by the
23 department of revenue using the same criteria used to establish taxable
24 rent in RCW 82.29A.020(2)(b).

25 (8) All leasehold interests for which annual taxable rent is less
26 than two hundred fifty dollars per year. For purposes of this
27 subsection leasehold interests held by the same lessee in contiguous
28 properties owned by the same lessor shall be deemed a single leasehold
29 interest.

1 (9) All leasehold interests which give use or possession of the
2 leased property for a continuous period of less than thirty days:
3 PROVIDED, That for purposes of this subsection, successive leases or
4 lease renewals giving substantially continuous use of possession of the
5 same property to the same lessee shall be deemed a single leasehold
6 interest: PROVIDED FURTHER, That no leasehold interest shall be deemed
7 to give use or possession for a period of less than thirty days solely
8 by virtue of the reservation by the public lessor of the right to use
9 the property or to allow third parties to use the property on an
10 occasional, temporary basis.

11 (10) All leasehold interests under month-to-month leases in
12 residential units rented for residential purposes of the lessee pending
13 destruction or removal for the purpose of constructing a public highway
14 or building.

15 (11) All leasehold interests in any publicly owned real or personal
16 property to the extent such leasehold interests arises solely by virtue
17 of a contract for public improvements or work executed under the public
18 works statutes of this state or of the United States between the public
19 owner of the property and a contractor.

20 (12) All leasehold interests held by a lessee who would qualify for
21 a senior citizen property tax exemption, if the leasehold property was
22 held in fee simple ownership: PROVIDED, That a lessee who qualifies
23 for a partial senior citizen property tax exemption shall receive a
24 leasehold excise tax reduction of an equal percentage."

25 "Sec. 8. RCW 82.29A.060 and 1975-'76 2nd ex.s. c 61 s 6 are each
26 amended to read as follows:

27 All administrative provisions and appeal procedures in chapters
28 82.02 and 82.32 RCW, as now or hereafter amended shall be applicable to
29 taxes imposed pursuant to this chapter: PROVIDED, That this section

1 shall not authorize the issuance of any levy upon any property owned by
2 the public lessor.

3 In selecting leasehold excise tax returns for audit the department
4 of revenue shall give priority to any return an audit of which is
5 specifically requested in writing by the county assessor or treasurer
6 or other chief financial officer of any city or county affected by such
7 return. Notwithstanding the provisions of RCW 82.32.330, findings of
8 fact and determinations of the amount of taxable rent made pursuant to
9 the provisions of this chapter shall be open to public inspection at
10 all reasonable times."

11 "Sec. 9. RCW 82.29A.050 and 1975-'76 2nd ex.s. c 61 s 5 are each
12 amended to read as follows:

13 (1) The leasehold excise taxes provided for in RCW 82.29A.030 and
14 82.29A.040 shall be paid by the lessee to the lessor and the lessor
15 shall collect such tax and remit the same to the department of revenue.
16 The tax shall be payable at the same time as payments are due to the
17 lessor for use of the property from which the leasehold interest
18 arises, and in the case of payment of contract rent to a person other
19 than the lessor, at the time of payment. The tax payment shall be
20 accompanied by such information as the department of revenue may
21 require. In the case of prepaid contract rent the payment may be
22 prorated in accordance with instructions of the department of revenue
23 and the prorated portion of the tax shall be due, one-half not later
24 than May 31 and the other half not later than November 30 each year.

25 (2) The lessor receiving taxes payable under the provisions of this
26 chapter shall remit the same together with a return provided by the
27 department, to the department of revenue on or before the ((fifteenth))
28 last day of the month following the month in which the tax is
29 collected. The department may relieve any taxpayer or class of

1 taxpayers from the obligation of filing monthly returns and may require
2 the return to cover other reporting periods, but in no event shall
3 returns be filed for a period greater than one year. The lessor shall
4 be fully liable for collection and remittance of the tax. The amount
5 of tax until paid by the lessee to the lessor shall constitute a debt
6 from the lessee to the lessor. The tax required by this chapter shall
7 be stated separately from contract rent, and if not so separately
8 stated for purposes of determining the tax due from the lessee to the
9 lessor and from the lessor to the department, the contract rent does
10 not include the tax imposed by this chapter. Where a lessee has failed
11 to pay to the lessor the tax imposed by this chapter and the lessor has
12 not paid the amount of the tax to the department, the department may,
13 in its discretion, proceed directly against the lessee for collection
14 of the tax: PROVIDED, That taxes due where contract rent has not been
15 paid shall be reported by the lessor to the department and the lessee
16 alone shall be liable for payment of the tax to the department.

17 (3) Each person having a leasehold interest subject to the tax
18 provided for in this chapter arising out of a lease of federally owned
19 or federal trust lands shall report and remit the tax due directly to
20 the department of revenue in the same manner and at the same time as
21 the lessor would be required to report and remit the tax if such lessor
22 were a state public entity."

23 "Sec. 10. RCW 82.04.300 and 1983 c 3 s 213 are each amended to
24 read as follows:

25 This chapter shall apply to any person engaging in any business
26 activity taxable under RCW 82.04.230, 82.04.240, 82.04.250, 82.04.260,
27 82.04.270, 82.04.280 and 82.04.290 other than those whose value of
28 products, gross proceeds of sales, or gross income of the business is
29 less than one thousand dollars per month: PROVIDED, That where one

1 person engages in more than one business activity and the combined
2 measures of the tax applicable to such businesses equal or exceed one
3 thousand dollars per month, no exemption or deduction from the amount
4 of tax is allowed by this section.

5 Any person claiming exemption under the provisions of this section
6 may be required, according to rules adopted by the department, to file
7 returns even though no tax may be due(~~(:—PROVIDED, FURTHER, That))~~).
8 The department of revenue may allow exemptions, by general rule or
9 regulation, in those instances in which quarterly, semiannual, or
10 annual returns are permitted. Exemptions for such periods shall be
11 equivalent in amount to the total of exemptions for each month of a
12 reporting period."

13 "Sec. 11. RCW 82.32.030 and 1982 1st ex.s. c 4 s 1 are each
14 amended to read as follows:

15 (1) Except as provided in subsection (2) of this section, if any
16 person engages in any business or performs any act upon which a tax is
17 imposed by the preceding chapters, he or she shall, ((whether taxable
18 or not,)) under such rules ((and regulations)) as the department of
19 revenue shall prescribe, apply for and obtain from the department a
20 registration certificate upon payment of fifteen dollars. Such
21 registration certificate shall be personal and nontransferable and
22 shall be valid as long as the taxpayer continues in business and pays
23 the tax accrued to the state. In case business is transacted at two or
24 more separate places by one taxpayer, a separate registration
25 certificate for each place at which business is transacted with the
26 public shall be required, but, for such additional certificates no
27 additional payment shall be required. Each certificate shall be
28 numbered and shall show the name, residence, and place and character of
29 business of the taxpayer and such other information as the department

1 of revenue deems necessary and shall be posted in a conspicuous place
2 at the place of business for which it is issued. Where a place of
3 business of the taxpayer is changed, the taxpayer must return to the
4 department the existing certificate, and a new certificate will be
5 issued for the new place of business free of charge. No person
6 required to be registered under this section shall engage in any
7 business taxable hereunder without first being so registered (~~in~~
8 ~~compliance with the provisions of this section, except that~~). The
9 department, by (~~general regulation~~) rule, may provide for the
10 issuance of certificates of registration, without requiring payment, to
11 temporary places of business (~~without requiring payment~~) or to
12 persons who are exempt from tax under RCW 82.04.300.

13 (2) Registration under this section is not required if the
14 following conditions are met:

15 (a) A person's value of products, gross proceeds of sales, or gross
16 income of the business is below the tax reporting threshold provided in
17 RCW 82.04.300;

18 (b) The person is not required to collect or pay to the department
19 of revenue any other tax which the department is authorized to collect;
20 and

21 (c) The person is not otherwise required to obtain a license
22 subject to the master application procedure provided in chapter 19.02
23 RCW."

24 "NEW SECTION. Sec. 12. A new section is added to chapter 82.08
25 RCW to read as follows:

26 The tax levied by RCW 82.08.020 shall not apply to sales of
27 clothing when the following applies:

28 (1) The purchaser is a nonprofit corporation or association which
29 is exempt from federal income taxation under the internal revenue code;

- 1 (2) The seller sells such clothing at cost to the purchaser; and
2 (3) The clothing is purchased solely for donation to low-income
3 persons."

4 "NEW SECTION. **Sec. 13.** A new section is added to chapter 82.12
5 RCW to read as follows:

6 The provisions of this chapter shall not apply in respect to the
7 use of any article of clothing by a purchasing organization or its
8 donees when the clothing has been obtained by purchase under the
9 following conditions:

- 10 (1) The purchaser is a nonprofit corporation or association which
11 is exempt from federal taxation under the internal revenue code;
12 (2) The seller has sold such clothing at cost to the purchaser; and
13 (3) The clothing has been purchased solely for donation to low-
14 income persons."

15 "NEW SECTION. **Sec. 14.** A new section is added to chapter 82.08
16 RCW to read as follows:

17 (1) The tax levied by RCW 82.08.020 shall not apply to sales to
18 free hospitals of items reasonably necessary for the operation of, and
19 provision of health care by, free hospitals.

20 (2) As used in this section, "free hospital" means a hospital that
21 does not charge any patient for health care provided by the hospital."

22 "NEW SECTION. **Sec. 15.** A new section is added to chapter 82.12
23 RCW to read as follows:

24 (1) The provisions of this chapter shall not apply in respect to
25 the use by free hospitals of items reasonably necessary for the
26 operation of, and provision of health care by, free hospitals.

1 (2) As used in this section, "free hospital" means a hospital that
2 does not charge any patient for health care provided by the hospital."

3 "NEW SECTION. Sec. 16. A new section is added to chapter 82.04
4 RCW to read as follows:

5 This chapter shall not apply to the initial wholesale or retail
6 sale in this state by commercial fishers of fish and shellfish caught
7 outside the waters of this state. This exemption applies only to the
8 sale of unprocessed fish, shellfish, and fish eggs."

9 "NEW SECTION. Sec. 17. RCW 82.32.040 and 1971 ex.s. c 299 s 15
10 & 1961 c 15 s 82.32.040 are each repealed."

11 "NEW SECTION. Sec. 18. This act shall take effect July 1, 1992,
12 except sections 10 and 11 of this act which shall take effect January
13 1, 1993."

14 **EHB 2680** - S COMM AMD
15 By Committee on Ways & Means

16 ADOPTED AS AMENDED 3/5/92

17 On page 1, line 2 of the title, after "taxes;" strike the remainder
18 of the title and insert "amending RCW 82.04.170, 82.08.050, 82.32.090,
19 82.32.180, 67.28.183, 82.29A.020, 82.29A.130, 82.29A.060, 82.29A.050,
20 82.04.300, and 82.32.030; adding a new section to chapter 82.04 RCW;
21 adding new sections to chapter 82.08 RCW; adding new sections to
22 chapter 82.12 RCW; repealing RCW 82.32.040; and providing effective
23 dates."