

CERTIFICATION OF ENROLLMENT  
**ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1328**

55th Legislature  
1998 Regular Session

Passed by the House February 27, 1998  
Yeas 97 Nays 0

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**Speaker of the  
House of Representatives**

Passed by the Senate March 11, 1998  
Yeas 36 Nays 4

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**President of the Senate**

Approved

\_\_\_\_\_  
**Governor of the State of Washington**

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1328** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1328

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Passed Legislature - 1998 Regular Session

State of Washington

55th Legislature

1997 Regular Session

By House Committee on Finance (originally sponsored by Representatives Schoesler, Chandler, Sheahan, Mulliken, Bush, McMorris and Mastin; by request of Department of Revenue)

Read first time 03/10/97.

1 AN ACT Relating to business and occupation tax on the handling of  
2 hay, alfalfa, and seed; amending RCW 82.04.290; reenacting and amending  
3 RCW 82.04.260; adding new sections to chapter 82.04 RCW; providing an  
4 effective date; and providing contingent effective dates.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW  
7 to read as follows:

8 Upon every person engaging within this state in the business of  
9 making wholesale sales to farmers of seed conditioned for use in  
10 planting and not packaged for retail sale, or in the business of  
11 conditioning seed for planting owned by others; the tax imposed shall  
12 be equal to the gross proceeds derived from such sales multiplied by  
13 the rate of 0.011 percent.

14 For the purposes of this section, "seed" means seed potatoes and  
15 all other "agricultural seed" as defined in RCW 15.49.011. "Seed" does  
16 not include "flower seeds" or "vegetable seeds" as defined in RCW  
17 15.49.011, or any other seeds or propagative portions of plants used to  
18 grow ornamental flowers or used to grow any type of bush, moss, fern,  
19 shrub, or tree.

1        NEW SECTION.    **Sec. 2.**    A new section is added to chapter 82.04 RCW  
2 to read as follows:

3        (1) This chapter does not apply to amounts received by a person  
4 engaging within this state in the business of:    (a) Making wholesale  
5 sales to farmers of seed conditioned for use in planting and not  
6 packaged for retail sale; or (b) conditioning seed for planting owned  
7 by others.

8        (2) For the purposes of this section, "seed" means seed potatoes  
9 and all other "agricultural seed" as defined in RCW 15.49.011. "Seed"  
10 does not include "flower seeds" or "vegetable seeds" as defined in RCW  
11 15.49.011, or any other seeds or propagative portions of plants used to  
12 grow ornamental flowers or used to grow any type of bush, moss, fern,  
13 shrub, or tree.

14        **Sec. 3.**    RCW 82.04.290 and 1997 c 7 s 2 are each amended to read as  
15 follows:

16        (1) Upon every person engaging within this state in the business of  
17 providing international investment management services, as to such  
18 persons, the amount of tax with respect to such business shall be equal  
19 to the gross income or gross proceeds of sales of the business  
20 multiplied by a rate of 0.275 percent.

21        (2) Upon every person engaging within this state in any business  
22 activity other than or in addition to those enumerated in RCW  
23 82.04.230, 82.04.240, 82.04.250, 82.04.255, 82.04.260, 82.04.270,  
24 (~~and~~) 82.04.280, and section 1 of this act, and subsection (1) of  
25 this section; as to such persons the amount of tax on account of such  
26 activities shall be equal to the gross income of the business  
27 multiplied by the rate of 1.5 percent.

28        This section includes, among others, and without limiting the scope  
29 hereof (whether or not title to materials used in the performance of  
30 such business passes to another by accession, confusion or other than  
31 by outright sale), persons engaged in the business of rendering any  
32 type of service which does not constitute a "sale at retail" or a "sale  
33 at wholesale."    The value of advertising, demonstration, and  
34 promotional supplies and materials furnished to an agent by his  
35 principal or supplier to be used for informational, educational and  
36 promotional purposes shall not be considered a part of the agent's  
37 remuneration or commission and shall not be subject to taxation under  
38 this section.

1       **Sec. 4.** RCW 82.04.260 and 1996 c 148 s 2 and 1996 c 115 s 1 are  
2 each reenacted and amended to read as follows:

3       (1) Upon every person engaging within this state in the business of  
4 buying wheat, oats, dry peas, dry beans, lentils, triticale, canola,  
5 corn, rye and barley, but not including any manufactured ((~~or~~  
6 ~~processed~~)) products thereof, and selling the same at wholesale; the  
7 tax imposed shall be equal to the gross proceeds derived from such  
8 sales multiplied by the rate of 0.011 percent.

9       (2) Upon every person engaging within this state in the business of  
10 manufacturing wheat into flour, barley into pearl barley, soybeans into  
11 soybean oil, canola into canola oil, canola meal, or canola byproducts,  
12 or sunflower seeds into sunflower oil; as to such persons the amount of  
13 tax with respect to such business shall be equal to the value of the  
14 flour, pearl barley, oil, canola meal, or canola byproduct  
15 manufactured, multiplied by the rate of 0.138 percent.

16       (3) Upon every person engaging within this state in the business of  
17 splitting or processing dried peas; as to such persons the amount of  
18 tax with respect to such business shall be equal to the value of the  
19 peas split or processed, multiplied by the rate of 0.275 percent.

20       (4) Upon every person engaging within this state in the business of  
21 manufacturing seafood products which remain in a raw, raw frozen, or  
22 raw salted state at the completion of the manufacturing by that person;  
23 as to such persons the amount of tax with respect to such business  
24 shall be equal to the value of the products manufactured, multiplied by  
25 the rate of 0.138 percent.

26       (5) Upon every person engaging within this state in the business of  
27 manufacturing by canning, preserving, freezing, processing, or  
28 dehydrating fresh fruits and vegetables, or selling at wholesale fresh  
29 fruits and vegetables canned, preserved, frozen, processed, or  
30 dehydrated by the seller and sold to purchasers who transport in the  
31 ordinary course of business the goods out of this state; as to such  
32 persons the amount of tax with respect to such business shall be equal  
33 to the value of the products canned, preserved, frozen, processed, or  
34 dehydrated multiplied by the rate of 0.33 percent. As proof of sale to  
35 a person who transports in the ordinary course of business goods out of  
36 this state, the seller shall annually provide a statement in a form  
37 prescribed by the department and retain the statement as a business  
38 record.

1 (6) Upon every nonprofit corporation and nonprofit association  
2 engaging within this state in research and development, as to such  
3 corporations and associations, the amount of tax with respect to such  
4 activities shall be equal to the gross income derived from such  
5 activities multiplied by the rate of 0.484 percent.

6 (7) Upon every person engaging within this state in the business of  
7 slaughtering, breaking and/or processing perishable meat products  
8 and/or selling the same at wholesale only and not at retail; as to such  
9 persons the tax imposed shall be equal to the gross proceeds derived  
10 from such sales multiplied by the rate of 0.138 percent.

11 (8) Upon every person engaging within this state in the business of  
12 making sales, at retail or wholesale, of nuclear fuel assemblies  
13 manufactured by that person, as to such persons the amount of tax with  
14 respect to such business shall be equal to the gross proceeds of sales  
15 of the assemblies multiplied by the rate of 0.275 percent.

16 (9) Upon every person engaging within this state in the business of  
17 manufacturing nuclear fuel assemblies, as to such persons the amount of  
18 tax with respect to such business shall be equal to the value of the  
19 products manufactured multiplied by the rate of 0.275 percent.

20 (10) Upon every person engaging within this state in the business  
21 of acting as a travel agent or tour operator; as to such persons the  
22 amount of the tax with respect to such activities shall be equal to the  
23 gross income derived from such activities multiplied by the rate of  
24 0.275 percent.

25 (11) Upon every person engaging within this state in business as an  
26 international steamship agent, international customs house broker,  
27 international freight forwarder, vessel and/or cargo charter broker in  
28 foreign commerce, and/or international air cargo agent; as to such  
29 persons the amount of the tax with respect to only international  
30 activities shall be equal to the gross income derived from such  
31 activities multiplied by the rate of 0.363 percent.

32 (12) Upon every person engaging within this state in the business  
33 of stevedoring and associated activities pertinent to the movement of  
34 goods and commodities in waterborne interstate or foreign commerce; as  
35 to such persons the amount of tax with respect to such business shall  
36 be equal to the gross proceeds derived from such activities multiplied  
37 by the rate of 0.363 percent. Persons subject to taxation under this  
38 subsection shall be exempt from payment of taxes imposed by chapter  
39 82.16 RCW for that portion of their business subject to taxation under

1 this subsection. Stevedoring and associated activities pertinent to  
2 the conduct of goods and commodities in waterborne interstate or  
3 foreign commerce are defined as all activities of a labor, service or  
4 transportation nature whereby cargo may be loaded or unloaded to or  
5 from vessels or barges, passing over, onto or under a wharf, pier, or  
6 similar structure; cargo may be moved to a warehouse or similar holding  
7 or storage yard or area to await further movement in import or export  
8 or may move to a consolidation freight station and be stuffed,  
9 unstuffed, containerized, separated or otherwise segregated or  
10 aggregated for delivery or loaded on any mode of transportation for  
11 delivery to its consignee. Specific activities included in this  
12 definition are: Wharfage, handling, loading, unloading, moving of  
13 cargo to a convenient place of delivery to the consignee or a  
14 convenient place for further movement to export mode; documentation  
15 services in connection with the receipt, delivery, checking, care,  
16 custody and control of cargo required in the transfer of cargo;  
17 imported automobile handling prior to delivery to consignee; terminal  
18 stevedoring and incidental vessel services, including but not limited  
19 to plugging and unplugging refrigerator service to containers,  
20 trailers, and other refrigerated cargo receptacles, and securing ship  
21 hatch covers.

22 (13) Upon every person engaging within this state in the business  
23 of disposing of low-level waste, as defined in RCW 43.145.010; as to  
24 such persons the amount of the tax with respect to such business shall  
25 be equal to the gross income of the business, excluding any fees  
26 imposed under chapter 43.200 RCW, multiplied by the rate of 3.3  
27 percent.

28 If the gross income of the taxpayer is attributable to activities  
29 both within and without this state, the gross income attributable to  
30 this state shall be determined in accordance with the methods of  
31 apportionment required under RCW 82.04.460.

32 (14) Upon every person engaging within this state as an insurance  
33 agent, insurance broker, or insurance solicitor licensed under chapter  
34 48.17 RCW; as to such persons, the amount of the tax with respect to  
35 such licensed activities shall be equal to the gross income of such  
36 business multiplied by the rate of 0.55 percent.

37 (15) Upon every person engaging within this state in business as a  
38 hospital, as defined in chapter 70.41 RCW, that is operated as a  
39 nonprofit corporation or by the state or any of its political

1 subdivisions, as to such persons, the amount of tax with respect to  
2 such activities shall be equal to the gross income of the business  
3 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5  
4 percent thereafter. The moneys collected under this subsection shall  
5 be deposited in the health services account created under RCW  
6 43.72.900.

7 NEW SECTION. **Sec. 5.** (1) Sections 1 and 3 of this act take effect  
8 only if House Bill No. 2335 fails to become law.

9 (2) Section 2 of this act takes effect only if House Bill No. 2335  
10 becomes law.

11 NEW SECTION. **Sec. 6.** This act takes effect July 1, 1998.

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