
SENATE BILL 6446

State of Washington**55th Legislature****1998 Regular Session****By** Senators Wojahn, Thibaudeau, Fairley, McAuliffe, Brown, Kohl, Prentice, Heavey, Kline and Spanel

Read first time 01/19/98. Referred to Committee on Ways & Means.

1 AN ACT Relating to providing the necessary revenues for the support
2 of health care for the citizens of Washington state; amending RCW
3 82.03.130, 82.03.140, 48.14.080, 82.04.4289, 82.08.150, and 82.04.4328;
4 reenacting and amending RCW 82.04.260 and 66.24.290; adding a new
5 section to chapter 82.04 RCW; adding a new title to the Revised Code of
6 Washington to be codified as Title 82A RCW; creating new sections;
7 repealing RCW 48.14.0201, 82.04.220, 82.04.2201, 82.04.230, 82.04.240,
8 82.04.2403, 82.04.250, 82.04.255, 82.04.270, 82.04.280, 82.04.290,
9 82.04.293, 82.04.297, 82.04.310, 82.04.312, 82.04.315, 82.04.317,
10 82.04.320, 82.04.322, 82.04.324, 82.04.327, 82.04.330, 82.04.333,
11 82.04.335, 82.04.337, 82.04.339, 82.04.3395, 82.04.340, 82.04.350,
12 82.04.355, 82.04.360, 82.04.363, 82.04.365, 82.04.366, 82.04.367,
13 82.04.368, 82.04.370, 82.04.380, 82.04.385, 82.04.390, 82.04.392,
14 82.04.395, 82.04.397, 82.04.399, 82.04.405, 82.04.408, 82.04.410,
15 82.04.415, 82.04.418, 82.04.419, 82.04.421, 82.04.423, 82.04.425,
16 82.04.4271, 82.04.4281, 82.04.4282, 82.04.4283, 82.04.4284, 82.04.4285,
17 82.04.4286, 82.04.4287, 82.04.4291, 82.04.4292, 82.04.4293, 82.04.4294,
18 82.04.4295, 82.04.4296, 82.04.4297, 82.04.4298, 82.04.431, 82.04.432,
19 82.04.4322, 82.04.4324, 82.04.4326, 82.04.4327, 82.04.4329, 82.04.433,
20 82.04.4331, 82.04.4333, 82.04.434, 82.04.435, 82.04.440, 82.04.4451,
21 82.04.4452, 82.04.4453, 82.04.4454, 82.04.4455, 82.04.460, 82.04.480,

1 82.04.500, 82.04.510, 82.04.600, 82.04.900, 82.16.010, 82.16.020,
2 82.16.030, 82.16.040, 82.16.042, 82.16.047, 82.16.048, 82.16.049,
3 82.16.050, 82.16.053, 82.16.055, 82.16.060, 82.16.080, and 82.16.090;
4 prescribing penalties; and providing an effective date.

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

6 **PART I**
7 **GENERAL PROVISIONS**

8 NEW SECTION. **Sec. 101.** INTENT. It is the intent of the
9 legislature in adopting this act to provide the necessary revenues for
10 the support of health care for citizens of this state.

11 **PART II**
12 **DEFINITIONS**

13 NEW SECTION. **Sec. 201.** INTRODUCTORY. The definitions in this
14 chapter apply throughout this title unless the context clearly requires
15 otherwise.

16 NEW SECTION. **Sec. 202.** ADJUSTED GROSS INCOME. "Adjusted gross
17 income" means adjusted gross income as determined under the internal
18 revenue code.

19 NEW SECTION. **Sec. 203.** DEPARTMENT. "Department" means the state
20 department of revenue.

21 NEW SECTION. **Sec. 204.** DIRECTOR. "Director" means the director
22 of revenue.

23 NEW SECTION. **Sec. 205.** FEDERAL BASE INCOME. "Federal base
24 income" means adjusted gross income.

25 NEW SECTION. **Sec. 206.** INDIVIDUAL. "Individual" means a natural
26 person.

1 NEW SECTION. **Sec. 207.** INTERNAL REVENUE CODE. "Internal revenue
2 code" means the federal internal revenue code of 1986, as amended, as
3 existing on January 1, 1998.

4 NEW SECTION. **Sec. 208.** PERSON. "Person" has the meaning given in
5 RCW 82.04.030.

6 NEW SECTION. **Sec. 209.** RESIDENT. "Resident" includes an
7 individual who:

8 (1) Has resided in this state for the entire tax year;

9 (2) Is domiciled in this state unless the individual:

10 (a) Does not maintain a permanent place of abode in this state;

11 (b) Does not maintain a permanent place of abode elsewhere;

12 (c) Spends in the aggregate not more than thirty days in the tax
13 year in this state;

14 (3) Is not domiciled in this state, but maintains a permanent place
15 of abode in this state and spends in the aggregate more than one
16 hundred eighty-three days of the tax year in this state unless the
17 individual proves that the individual is in the state only for
18 temporary or transitory purposes; or

19 (4) Claims the state of Washington as the individual's tax home for
20 federal income tax purposes.

21 NEW SECTION. **Sec. 210.** TAXABLE INCOME. "Taxable income" means
22 federal base income as modified under sections 401 through 408 of this
23 act.

24 NEW SECTION. **Sec. 211.** TAXABLE YEAR. "Taxable year" means the
25 taxpayer's taxable year as defined under the internal revenue code.

26 NEW SECTION. **Sec. 212.** TAXPAYER. "Taxpayer" means a person
27 receiving income subject to tax under this title.

28 NEW SECTION. **Sec. 213.** DEFINITION OF TERMS GENERALLY. Except as
29 provided in this chapter, any term used in this title has the same
30 meaning as when used in a comparable context in the internal revenue
31 code.

1 **PART III**

2 **DETERMINATION OF TAX**

3 NEW SECTION. **Sec. 301.** TAX IMPOSED--RATE. A tax is imposed at
4 the rate of 1.0 percent on all taxable income of each person for each
5 taxable year. The state treasurer, upon receipt of any payments of
6 tax, penalty, interest, or fees collected under this title, shall
7 deposit them to the credit of the health services account created under
8 RCW 43.72.900.

9 NEW SECTION. **Sec. 302.** CREDIT FOR INCOME TAXES DUE ANOTHER
10 JURISDICTION. (1) A resident individual is allowed a credit against
11 the tax imposed under this title for the amount of any income tax
12 imposed by another state, foreign country, or political subdivision
13 thereof on income taxed under this title, subject to the following
14 conditions:

15 (a) The credit is allowed only for taxes imposed by the other
16 jurisdiction on net income from sources within that jurisdiction; and

17 (b) The amount of the credit may not exceed the smaller of:

18 (i) The amount of tax paid to the other jurisdiction on net income
19 from sources within the other jurisdiction; or

20 (ii) The amount of tax due under this title multiplied by a
21 fraction. The numerator of the fraction is the portion of the
22 taxpayer's adjusted gross income subject to tax in the other
23 jurisdiction. The denominator of the fraction is the taxpayer's
24 taxable income. The fraction may not be greater than one.

25 (2) If, in lieu of a credit similar to the credit allowed under
26 subsection (1) of this section, the laws of the taxpayer's place of
27 residence contain a provision exempting a resident of this state from
28 liability for the payment of income taxes on income earned for personal
29 services performed in that place, then the director may enter into a
30 reciprocal agreement with that place providing a similar tax exemption
31 for its residents on income earned for personal services performed in
32 this state.

33 NEW SECTION. **Sec. 303.** DUAL RESIDENCE. If an individual is
34 regarded as a resident both of this state and another jurisdiction for
35 personal income tax purposes, the department shall reduce the tax on
36 that portion of the taxpayer's income that is subjected to tax in both

1 jurisdictions solely by virtue of dual residence, if the other taxing
2 jurisdiction allows a similar reduction. The reduction must equal the
3 lower of the two taxes applicable to the income taxed twice multiplied
4 by a fraction. The numerator of the fraction is the tax imposed by
5 this state on the income taxed twice. The denominator of the fraction
6 is the tax imposed by both jurisdictions on the income taxed twice.
7 The fraction may not be greater than one.

8 **PART IV**

9 **TAXABLE INCOME MODIFICATIONS**

10 NEW SECTION. **Sec. 401.** INTRODUCTORY. In computing taxable
11 income, modifications must be made to the taxpayer's adjusted gross
12 income as required under this chapter and chapter 82A.-- RCW (sections
13 501 and 502 of this act), unless the modification has the effect of
14 duplicating an item of income or deduction.

15 NEW SECTION. **Sec. 402.** STATE AND LOCAL BONDS. To adjusted gross
16 income, add income that has been excluded under section 103 of the
17 internal revenue code in computing adjusted gross income, except
18 interest on obligations of the state of Washington or political
19 subdivisions of the state of Washington.

20 NEW SECTION. **Sec. 403.** STATE AND LOCAL INCOME TAXES--BUSINESS AND
21 OCCUPATION, PUBLIC UTILITY TAXES--NET OPERATING LOSS. To adjusted
22 gross income, add:

23 (1) Taxes on or measured by net income that have been deducted
24 under the internal revenue code in computing federal base income; and

25 (2) The amount of taxes paid that are deductible for federal
26 purposes, but for which a business and occupation tax credit or public
27 utility tax credit, or both, is allowed.

28 NEW SECTION. **Sec. 404.** PERSONAL DEDUCTION. There is allowed as
29 a deduction from federal base income a personal deduction equal to one
30 hundred thousand dollars.

31 NEW SECTION. **Sec. 405.** NET OPERATING LOSS. There is allowed as
32 a deduction from federal base income the amount of net operating loss
33 as allowed in section 172 of the internal revenue code. The

1 calculation of the loss amount may reflect the modifications to federal
2 base income as provided in this title and a net operating loss
3 deduction may include a loss carried forward to the tax year but may
4 not include a loss carried back from a future year.

5 NEW SECTION. **Sec. 406.** CARRYOVERS. To adjusted gross income, add
6 amounts that have been deducted in computing adjusted gross income to
7 the extent the amounts have been carried over from taxable years ending
8 before the effective date of this section.

9 NEW SECTION. **Sec. 407.** FEDERAL BONDS. From adjusted gross
10 income, deduct, to the extent included in adjusted gross income, income
11 derived from obligations of the United States that this state is
12 prohibited by federal law from subjecting to a net income tax.
13 However, the amount deducted under this section must be reduced by any
14 expense, including amortizable bond premium, incurred in the production
15 of the income to the extent the expense has been deducted in
16 calculating adjusted gross income.

17 NEW SECTION. **Sec. 408.** TAX RETURNS FOR FRACTIONAL YEAR. If the
18 first taxable year of a taxpayer with respect to which a tax is imposed
19 by this title ends before December 31, 1998, referred to in this
20 section as a "fractional taxable year," the taxable income for the
21 fractional taxable year must be the taxpayer's taxable income for the
22 entire taxable year, adjusted by one of the following methods, at the
23 taxpayer's election:

24 (1) The taxable income must be multiplied by a fraction. The
25 numerator of the fraction is the number of days in the fractional
26 taxable year. The denominator of the fraction is the number of days in
27 the entire taxable year; or

28 (2) The taxable income must be adjusted, in accordance with rules
29 adopted by the department, so as to include only such income and be
30 reduced only by such deductions as can be clearly determined from the
31 permanent records of the taxpayer to be attributable to the fractional
32 taxable year.

33 **PART V**
34 **DIVISION OF INCOME, MODIFICATIONS, AND CREDITS**

1 NEW SECTION. **Sec. 501.** APPORTIONMENT AND ALLOCATION OF INCOME.

2 (1) For resident individuals, all income must be apportioned and
3 allocated to this state.

4 (2) For nonresident individuals, income derived from sources within
5 this state must be apportioned and allocated to this state. For the
6 purposes of this title:

7 (a) The adjusted gross income of a nonresident derived from sources
8 within this state is the net amount of income, gain, loss, and
9 deduction of the nonresident's federal adjusted gross income that are
10 derived from or connected with sources in this state including any
11 distributive share of partnership income and deductions, and share of
12 estate or trust income and deductions, including any unrelated business
13 income of an otherwise tax exempt trust or organization;

14 (b) Items of income, gain, loss, and deductions derived from or
15 connected with sources within this state are those items attributable
16 to the ownership or disposition of any interest in real or tangible
17 personal property in this state, and a business, trade, profession, or
18 occupation carried on within this state. The department shall adopt
19 rules to provide consistency of this section with the excise tax
20 provisions;

21 (c) Deduction with respect to expenses, capital losses, and net
22 operating losses must be based solely on income, gains, losses, and
23 deductions derived from or connected with sources in this state but
24 must otherwise be determined in the same manner as the corresponding
25 federal deduction except as provided in this title;

26 (d) Income from intangible personal property, including annuities,
27 dividends, interest, and gains from the disposition of intangible
28 personal property, constitutes income derived from sources within the
29 state of Washington only to the extent the income is from property
30 employed in a business, trade, profession, or occupation carried on
31 within this state. However, distributed and undistributed income of
32 electing S corporations for federal tax purposes derived from or
33 connected with sources within this state is income derived from sources
34 within this state for a nonresident shareholder. A net operating loss
35 of the corporation does constitute a loss or deduction connected with
36 sources within this state for a nonresident shareholder;

37 (e) Compensation paid by the United States for service in the armed
38 forces of the United States performed in this state by a nonresident
39 does not constitute income derived from sources within this state; and

1 (f) If a business, trade, profession, or occupation is carried on
2 partly within and partly without this state, the determination of net
3 income derived or connected with sources within this state as provided
4 in this section, must be made by apportionment and allocation of
5 chapter 82.56 RCW.

6 NEW SECTION. **Sec. 502.** PARTNERSHIPS, S CORPORATIONS, AND LIMITED
7 LIABILITY COMPANIES. (1) A partnership is not subject to tax under
8 this title. Partners are subject to tax in their separate or
9 individual capacities. The taxable incomes of partners must be
10 computed by including a share of the modifications under sections 402
11 through 407 of this act and the credits allowed under sections 302 and
12 303 of this act, if the modification or credit relates to the income of
13 the partnership. A partner's share of a modification or credit is the
14 amount of modification or credit multiplied by a fraction. The
15 numerator of the fraction is the partner's distributive share of
16 partnership income. The denominator of the fraction is the total
17 partnership income. The fraction may not be greater than one.

18 (2) An S corporation is not subject to tax under this title.
19 Shareholders of S corporations are subject to tax in their separate or
20 individual capacities. The taxable income of a shareholder of S
21 corporations must be computed by including a share of the modifications
22 under sections 402 through 407 of this act and the credits allowed
23 under sections 302 and 303 of this act, if the modification or credit
24 relates to the income of the S corporation. A shareholder's share of
25 a modification or credit is the amount of modification or credit
26 multiplied by a fraction. The numerator of the fraction is the
27 shareholder's pro rata share of S corporation income. The denominator
28 of the fraction is the total S corporation income. The fraction may
29 not be greater than one.

30 (3) A limited liability company is not subject to tax under this
31 title. Members of a limited liability company are subject to tax in
32 their separate or individual capacities. The taxable incomes of a
33 member of a limited liability company must be computed by including a
34 share of the modifications under sections 402 through 407 of this act
35 and the credits allowed under sections 302 and 303 of this act, if the
36 modification or credit relates to the income of the limited liability
37 company. A member's share of a modification or credit is the amount of
38 modification or credit multiplied by a fraction. The numerator of the

1 fraction is the member's distributive share of limited liability
2 company. The denominator of the fraction is the total limited
3 liability company income. The fraction may not be greater than one.

4 (4) As used in this section:

5 (a) "Pro rata share" means pro rata share as determined under
6 section 1366(a) of the internal revenue code;

7 (b) "S corporation income" includes both distributed and
8 undistributed federal taxable income of the S corporation; and

9 (c) "Shareholder" means a shareholder of an S corporation.

10 **PART VI**

11 **INCOME TAX--WITHHOLDING--ESTIMATED TAX**

12 NEW SECTION. **Sec. 601.** EMPLOYER WITHHOLDING--REQUIREMENTS. (1)

13 An employer making a payment of wages or salaries earned in this state,
14 regardless of the place where the payment is made, and who is required
15 by the internal revenue code to withhold taxes, shall deduct and
16 withhold a tax as prescribed by rules adopted by the department. The
17 rules must reasonably reflect the annual tax liability of the employee
18 under this title. An employer making the deduction and withholding
19 shall furnish to the employee a record of the amount of tax deducted
20 and withheld from the employee on forms provided by the department.

21 (2) If the employee is a resident of this state and earns income
22 from personal services entirely performed in another state that imposes
23 an income tax on the income, and the employer withholds income taxes
24 under the laws of the state in which the income is earned, the employer
25 is not required to withhold tax imposed by this title on the income if
26 the laws of the state in which the income is earned allow a similar
27 exemption for its residents who earn income in this state.

28 NEW SECTION. **Sec. 602.** LIABILITY OF EMPLOYER FOR TAX WITHHELD.

29 A person required to deduct and withhold the tax imposed by this title
30 is liable for the payment of the amount deducted and withheld to the
31 department, and is not liable to any other person for the amount of tax
32 deducted and withheld under this title. The amount of tax so deducted
33 and withheld must be held to be a special fund in trust for this state.

34 NEW SECTION. **Sec. 603.** WITHHOLDING BY GOVERNMENTAL ENTITY. If

35 the employer is the United States, a foreign country, or this state or

1 any political subdivision thereof, or an agency or instrumentality of
2 any combination of the United States, a foreign country, or this state
3 or any political subdivision thereof, then the return of the amount
4 deducted and withheld upon wages or salaries may be made by an officer
5 of the employer having control of the payment of the wages and salaries
6 or appropriately designated for that purpose.

7 NEW SECTION. **Sec. 604.** CREDIT FOR TAX WITHHELD--HOW CLAIMED. The
8 amount deducted and withheld as tax under sections 601 through 603 of
9 this act during any taxable year is allowed as a credit against the tax
10 imposed for the taxable year by this title. If the tax liability of an
11 individual for taxes, interest, penalties, or other amounts due the
12 state of Washington is less than the total amount of the credit that
13 the individual is entitled under this section, the individual is
14 entitled to a refund in the amount of the excess of the credit over the
15 tax otherwise due. If an individual entitled to claim a credit under
16 this section is not otherwise required by this title to file a return,
17 a refund may be obtained in the amount of the credit by filing a
18 return, with applicable sections completed, to claim the refund. A
19 credit or refund is not allowed under this section unless the credit or
20 refund is claimed on a return filed for the taxable year for which the
21 amount was deducted and withheld.

22 NEW SECTION. **Sec. 605.** WITHHOLDING--FAILURE TO PAY OR COLLECT--
23 PENALTIES. (1) The tax required to be collected under this chapter by
24 the employer is deemed to be held in trust by the employer until paid
25 to the department.

26 (2) If an employer, or responsible person within the meaning of
27 section 6672 of the internal revenue code, fails to collect the tax
28 imposed under this chapter or, having collected the tax, fails to pay
29 it to the department, the employer or responsible person is
30 nevertheless personally liable to the state for the amount of the tax.
31 The interest and penalty provisions of chapter 82.32 RCW apply to this
32 section.

33 NEW SECTION. **Sec. 606.** ESTIMATED TAX IMPOSED--DUE DATE OF
34 ESTIMATED TAXES--AMOUNT OF ESTIMATED TAX--UNDERPAYMENT PENALTY. (1)
35 An individual subject to taxation under this title who is required by
36 the internal revenue code to make payment of estimated taxes shall pay

1 to the department on forms prescribed by the department the estimated
2 taxes due under this title.

3 (2) The provisions of the internal revenue code relating to the
4 determination of reporting periods and due dates of payments of
5 estimated tax apply to the estimated tax payments due under this
6 section.

7 (3) The amount of the estimated tax is the annualized tax divided
8 by the number of months in the reporting period. An estimated tax is
9 not due if the annualized tax is less than five hundred dollars. RCW
10 82.32.050 and 82.32.090 apply to underpayments of estimated tax, but do
11 not apply to underpayments, as defined by the internal revenue code, if
12 the tax remitted to the department is either ninety percent of the tax
13 shown on the return or one hundred percent of the tax shown on the
14 previous year's tax return.

15 (4) For the purposes of this section, "annualized tax" is the
16 taxpayer's projected tax liability for the tax year as computed under
17 section 6654 of the internal revenue code and the regulations
18 thereunder.

19 **PART VII**

20 **CRIMES**

21 NEW SECTION. **Sec. 701.** CRIMES. (1) A person who knowingly
22 attempts to evade or defeat the tax imposed under this title or payment
23 of the tax is guilty of a class C felony as provided in chapter 9A.20
24 RCW.

25 (2) A person required to collect tax imposed under this title who
26 knowingly fails to collect, truthfully account for, or pay over the tax
27 is guilty of a class C felony as provided in chapter 9A.20 RCW.

28 (3) A person who knowingly fails to pay tax, pay estimated tax,
29 make returns, keep records, or supply information, as required under
30 this title, is guilty of a gross misdemeanor as provided in chapter
31 9A.20 RCW.

32 **PART VIII**

33 **ADMINISTRATIVE PROVISIONS**

34 NEW SECTION. **Sec. 801.** METHOD OF ACCOUNTING. (1) A taxpayer's
35 method of accounting for purposes of the tax imposed under this title

1 must be the same as the taxpayer's method of accounting for federal
2 income tax purposes. If a method of accounting has not been regularly
3 used by a taxpayer for federal income tax purposes, tax due under this
4 title must be computed by a method of accounting that in the opinion of
5 the department fairly reflects income.

6 (2) If a person's method of accounting is changed for federal
7 income tax purposes, it must be similarly changed for purposes of this
8 title.

9 NEW SECTION. **Sec. 802.** PERSONS REQUIRED TO FILE RETURNS. (1) A
10 taxpayer shall file with the department, on forms prescribed by the
11 department, an income tax return for each tax year. A person required
12 to file a return under this title shall, without assessment, notice, or
13 demand, pay tax due under this title, to the department on or before
14 the date fixed for filing the return.

15 (2) The department may adopt rules that require that certain
16 taxpayers file, on forms prescribed by the department, informational
17 returns for any period. A person required by rule to file an
18 informational return shall, without assessment, notice, or demand, pay
19 any tax due under this title, to the department on or before the date
20 fixed for filing of the informational return.

21 (3) In the event an adjustment to a taxpayer's federal return is
22 made by the taxpayer or the federal internal revenue service, the
23 taxpayer shall, within ninety days of the final determination of the
24 adjustment by the federal internal revenue service or within thirty
25 days of the filing of a federal return adjusted by the taxpayer, file
26 a corrected return reflecting the adjustments as finally determined or
27 returned. The taxpayer shall pay additional tax resulting from the
28 finally determined internal revenue service adjustment or a taxpayer
29 adjustment without notice and assessment. Notwithstanding any
30 provision of this title or any other title to the contrary, the period
31 of limitations for the correction of an additional tax, interest, and
32 penalty due as a result of an adjustment by a taxpayer or a finally
33 determined internal revenue service adjustment begins at the later of
34 thirty days following the final determination of the adjustment or the
35 date of the filing of the corrected return.

36 NEW SECTION. **Sec. 803.** DUE DATE FOR FILING A RETURN--EXTENSIONS--
37 INTEREST AND PENALTIES. The due date of a return required to be filed

1 with the department is the due date of the federal income tax return or
2 informational return for federal income tax purposes. The department
3 may grant extensions of times by which a return required to be filed by
4 this title may be submitted. The department may also grant extensions
5 of time to pay tax with regard to taxes imposed by this title.
6 Interest at the rate specified in RCW 82.32.050 accrues during an
7 extension period and the interest and penalty provisions of chapter
8 82.32 RCW apply to late payments and deficiencies. Notwithstanding the
9 limitation of RCW 82.32.090, for a late filing of an informational
10 return, there must be imposed a penalty the amount of which shall be
11 established in rules adopted by the department. The penalty may not
12 exceed fifty dollars per month for a maximum of ten months. RCW
13 82.32.105 applies to this section.

14 NEW SECTION. **Sec. 804.** JOINT RETURN. (1) If the federal income
15 tax liabilities of both spouses are determined on a joint federal
16 return for the taxable year, the spouses shall file a joint return
17 under this title unless one spouse is a resident and the other is a
18 nonresident.

19 (2) If neither spouse is required to file a federal income tax
20 return for the taxable year, the spouses may file a joint return under
21 this title under the same conditions under which a joint return may be
22 filed for purposes of the federal income tax.

23 (3) If the federal income tax liability of either spouse is
24 determined on a separate federal return for the taxable year, the
25 spouses shall file separate returns under this title.

26 (4) If one spouse is a resident and the other is a nonresident, the
27 spouses shall file separate returns under this title, unless they elect
28 to determine their tax liabilities under this title on a joint return
29 as if they were both residents and:

30 (a) Their federal tax liability for the taxable year was determined
31 on a joint federal return; or

32 (b) Neither spouse has filed a federal income tax return for the
33 taxable year and they would be permitted to file a joint federal return
34 for the taxable year.

35 (5) If a joint return is filed under this section, the liability of
36 the husband and wife is joint and several, unless the spouse is
37 relieved of liability under section 6013 of the internal revenue code.

1 NEW SECTION. **Sec. 805.** RECORDS--RETURNS. (1) Every taxpayer, and
2 every person, required to deduct and withhold the tax imposed under
3 this title shall keep records, render statements, make returns, file
4 reports, and perform other acts, as the department requires by rule.
5 A return must be made under penalty of perjury and on forms prescribed
6 by the department. The department may require that other statements
7 and reports be made under penalty of perjury and on forms prescribed by
8 the department. The department may require a taxpayer, and a person,
9 required to deduct and withhold the tax imposed under this title to
10 furnish to the department a correct copy of any return or document that
11 the taxpayer or person has filed with the internal revenue service or
12 received from the internal revenue service.

13 (2) All books and records and other papers and documents required
14 to be kept under this title are subject to inspection by the department
15 at all times during business hours of the day.

16 NEW SECTION. **Sec. 806.** ESTIMATION AGREEMENTS. The department may
17 reasonably estimate the items of business or nonbusiness income of a
18 taxpayer having an office within the state and one or more other states
19 or foreign countries that may be apportioned or allocated to the state
20 and may enter into an estimation agreement with a taxpayer for the
21 determination of the taxpayer's liability for the tax imposed by this
22 title.

23 NEW SECTION. **Sec. 807.** PROVISIONS OF INTERNAL REVENUE CODE
24 CONTROL. (1) To the extent possible without being inconsistent with
25 this title, all of the internal revenue code that relates to the
26 following subjects apply to the taxes imposed under this title:

27 (a) Time and manner of payment of tax imposed under this title,
28 including tax withheld under sections 601 through 603 of this act;

29 (b) Liability of transferees; and

30 (c) Time and manner of making returns, extensions of time for
31 filing returns, verification of returns, and the time when a return is
32 deemed filed.

33 (2) The department, by rule, may provide modifications and
34 exceptions to subsection (1) of this section if reasonably necessary to
35 facilitate the prompt, efficient, and equitable collection of tax under
36 this title.

1 84.16 RCW, if filed with the board of tax appeals within thirty days
2 after mailing of the determination, the right to such appeal being
3 hereby established.

4 (5) Appeals by an assessor, landowner, or owner of an intercounty
5 public utility or private car company from a determination of any
6 county indicated ratio for such county compiled by the department of
7 revenue pursuant to RCW 84.48.075: PROVIDED, That

8 (a) Said appeal be filed after review of the ratio under RCW
9 84.48.075(3) and not later than fifteen days after the mailing of the
10 certification; and

11 (b) The hearing before the board shall be expeditiously held in
12 accordance with rules prescribed by the board and shall take precedence
13 over all matters of the same character.

14 (6) Appeals from the decisions of sale price of second class
15 shorelands on navigable lakes by the department of natural resources
16 pursuant to RCW 79.94.210.

17 (7) Appeals from urban redevelopment property tax apportionment
18 district proposals established by governmental ordinances pursuant to
19 RCW 39.88.060.

20 (8) Appeals from interest rates as determined by the department of
21 revenue for use in valuing farmland under current use assessment
22 pursuant to RCW 84.34.065.

23 (9) Appeals from revisions to stumpage value tables used to
24 determine value by the department of revenue pursuant to RCW 84.33.091.

25 (10) Appeals from denial of tax exemption application by the
26 department of revenue pursuant to RCW 84.36.850.

27 (11) Appeals pursuant to RCW 84.40.038(3).

28 (12) Appeals relating to income tax deficiencies and refunds
29 including penalties and interest under Title 82A RCW (sections 101
30 through 809 of this act).

31 **Sec. 902.** RCW 82.03.140 and 1988 c 222 s 4 are each amended to
32 read as follows:

33 In all appeals over which the board has jurisdiction under RCW
34 82.03.130, a party taking an appeal may elect either a formal or an
35 informal hearing, such election to be made according to rules of
36 practice and procedure to be promulgated by the board: PROVIDED, That
37 nothing shall prevent the assessor or taxpayer, as a party to an appeal
38 pursuant to RCW 84.08.130, within twenty days from the date of the

1 receipt of the notice of appeal, from filing with the clerk of the
2 board notice of intention that the hearing be a formal one: PROVIDED,
3 HOWEVER, That nothing herein shall be construed to modify the
4 provisions of RCW 82.03.190: AND PROVIDED FURTHER, That upon an appeal
5 under RCW 82.03.130 (5) or (6), the director of revenue may, within ten
6 days from the date of its receipt of the notice of appeal, file with
7 the clerk of the board notice of its (~~intention that the hearing be~~
8 ~~held pursuant to chapter 34.05 RCW~~) election of a formal hearing. In
9 the event that appeals are taken from the same decision, order, or
10 determination, as the case may be, by different parties and only one of
11 such parties elects a formal hearing, a formal hearing shall be
12 granted.

13 **PART X**

14 **BUSINESS AND OCCUPATION TAX**

15 NEW SECTION. **Sec. 1001.** RCW 48.14.0201 and 1997 c 154 s 1, 1993
16 sp.s. c 25 s 601, & 1993 c 492 s 301 are each repealed.

17 **Sec. 1002.** RCW 48.14.080 and 1993 sp.s. c 25 s 602 are each
18 amended to read as follows:

19 As to insurers, other than title insurers and taxpayers under RCW
20 48.14.0201, the taxes imposed by this title shall be in lieu of all
21 other taxes, except taxes on real and tangible personal property(~~(7)~~)
22 and excise taxes on the sale, purchase, or use of such property(~~(7 and~~
23 ~~the tax imposed in RCW 82.04.260(15))~~)).

24 **Sec. 1003.** RCW 82.04.260 and 1996 c 148 s 2 and 1996 c 115 s 1 are
25 each reenacted and amended to read as follows:

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

32 (2) Upon every person engaging within this state in the business of
33 manufacturing wheat into flour, barley into pearl barley, soybeans into
34 soybean oil, canola into canola oil, canola meal, or canola byproducts,
35 or sunflower seeds into sunflower oil; as to such persons the amount of

1 tax with respect to such business shall be equal to the value of the
2 flour, pearl barley, oil, canola meal, or canola byproduct
3 manufactured, multiplied by the rate of 0.138 percent.

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

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

14 (5) Upon every person engaging within this state in the business of
15 manufacturing by canning, preserving, freezing, processing, or
16 dehydrating fresh fruits and vegetables, or selling at wholesale fresh
17 fruits and vegetables canned, preserved, frozen, processed, or
18 dehydrated by the seller and sold to purchasers who transport in the
19 ordinary course of business the goods out of this state; as to such
20 persons the amount of tax with respect to such business shall be equal
21 to the value of the products canned, preserved, frozen, processed, or
22 dehydrated multiplied by the rate of 0.33 percent. As proof of sale to
23 a person who transports in the ordinary course of business goods out of
24 this state, the seller shall annually provide a statement in a form
25 prescribed by the department and retain the statement as a business
26 record.

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

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

37 (8) Upon every person engaging within this state in the business of
38 making sales, at retail or wholesale, of nuclear fuel assemblies
39 manufactured by that person, as to such persons the amount of tax with

1 respect to such business shall be equal to the gross proceeds of sales
2 of the assemblies multiplied by the rate of 0.275 percent.

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

7 (10) Upon every person engaging within this state in the business
8 of acting as a travel agent or tour operator; as to such persons the
9 amount of the tax with respect to such activities shall be equal to the
10 gross income derived from such activities multiplied by the rate of
11 0.275 percent.

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

19 (12) Upon every person engaging within this state in the business
20 of stevedoring and associated activities pertinent to the movement of
21 goods and commodities in waterborne interstate or foreign commerce; as
22 to such persons the amount of tax with respect to such business shall
23 be equal to the gross proceeds derived from such activities multiplied
24 by the rate of 0.363 percent. (~~Persons subject to taxation under this~~
25 ~~subsection shall be exempt from payment of taxes imposed by chapter~~
26 ~~82.16 RCW for that portion of their business subject to taxation under~~
27 ~~this subsection.~~) Stevedoring and associated activities pertinent to
28 the conduct of goods and commodities in waterborne interstate or
29 foreign commerce are defined as all activities of a labor, service or
30 transportation nature whereby cargo may be loaded or unloaded to or
31 from vessels or barges, passing over, onto or under a wharf, pier, or
32 similar structure; cargo may be moved to a warehouse or similar holding
33 or storage yard or area to await further movement in import or export
34 or may move to a consolidation freight station and be stuffed,
35 unstuffed, containerized, separated or otherwise segregated or
36 aggregated for delivery or loaded on any mode of transportation for
37 delivery to its consignee. Specific activities included in this
38 definition are: Wharfage, handling, loading, unloading, moving of
39 cargo to a convenient place of delivery to the consignee or a

1 convenient place for further movement to export mode; documentation
2 services in connection with the receipt, delivery, checking, care,
3 custody and control of cargo required in the transfer of cargo;
4 imported automobile handling prior to delivery to consignee; terminal
5 stevedoring and incidental vessel services, including but not limited
6 to plugging and unplugging refrigerator service to containers,
7 trailers, and other refrigerated cargo receptacles, and securing ship
8 hatch covers.

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

15 ~~((If the gross income of the taxpayer is attributable to activities
16 both within and without this state, the gross income attributable to
17 this state shall be determined in accordance with the methods of
18 apportionment required under RCW 82.04.460.))~~

19 (14) Upon every person engaging within this state as an insurance
20 agent, insurance broker, or insurance solicitor licensed under chapter
21 48.17 RCW; as to such persons, the amount of the tax with respect to
22 such licensed activities shall be equal to the gross income of such
23 business multiplied by the rate of 0.55 percent.

24 ~~((15) Upon every person engaging within this state in business as
25 a hospital, as defined in chapter 70.41 RCW, that is operated as a
26 nonprofit corporation or by the state or any of its political
27 subdivisions, as to such persons, the amount of tax with respect to
28 such activities shall be equal to the gross income of the business
29 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5
30 percent thereafter. The moneys collected under this subsection shall
31 be deposited in the health services account created under RCW
32 43.72.900.))~~

33 **Sec. 1004.** RCW 82.04.4289 and 1993 c 492 s 305 are each amended to
34 read as follows:

35 This chapter does not apply to amounts derived as compensation for
36 services rendered to patients or from sales of prescription drugs as
37 defined in RCW 82.08.0281 furnished as an integral part of services
38 rendered to patients by a hospital, as defined in chapter 70.41 RCW,

1 that is operated as a nonprofit corporation, a kidney dialysis facility
2 operated as a nonprofit corporation, whether or not operated in
3 connection with a hospital, and nursing homes((~~7~~)) and homes for unwed
4 mothers operated as religious or charitable organizations, but only if
5 no part of the net earnings received by such an institution inures
6 directly or indirectly, to any person other than the institution
7 entitled to deduction ((~~hereunder~~)) under this section. The deduction
8 is not allowed unless the hospital building is entitled to exemption
9 from taxation under the property tax laws of this state.

10 NEW SECTION. Sec. 1005. A new section is added to chapter 82.04
11 RCW to read as follows:

12 This chapter does not apply to amounts derived as compensation for
13 services rendered or to be rendered to patients or from sales of
14 prescription drugs as defined in RCW 82.08.0281 furnished as an
15 integral part of services rendered to patients by a hospital, as
16 defined in chapter 70.41 RCW, devoted to the care of human beings with
17 respect to the prevention or treatment of disease, sickness, or
18 suffering, when such hospital is operated by the United States or any
19 of its instrumentalities, or by the state, or any of its political
20 subdivisions.

21 **PART XI**
22 **TAX ON BEER**

23 **Sec. 1101.** RCW 66.24.290 and 1997 c 451 s 1 and 1997 c 321 s 16
24 are each reenacted and amended to read as follows:

25 (1) Any microbrewer or domestic brewery or beer distributor
26 licensed under this title may sell and deliver beer to holders of
27 authorized licenses direct, but to no other person, other than the
28 board; and every such brewery or beer distributor shall report all
29 sales to the board monthly, pursuant to the regulations, and shall pay
30 to the board as an added tax for the privilege of manufacturing and
31 selling the beer within the state a tax of one dollar and thirty cents
32 per barrel of thirty-one gallons on sales to licensees within the state
33 and on sales to licensees within the state of bottled and canned beer
34 shall pay a tax computed in gallons at the rate of one dollar and
35 thirty cents per barrel of thirty-one gallons. Any brewery or beer
36 distributor whose applicable tax payment is not postmarked by the

1 twentieth day following the month of sale will be assessed a penalty at
2 the rate of two percent per month or fraction thereof. Beer shall be
3 sold by breweries and distributors in sealed barrels or packages. The
4 moneys collected under this subsection shall be distributed as follows:
5 (a) Three-tenths of a percent shall be distributed to border areas
6 under RCW 66.08.195; and (b) of the remaining moneys: (i) Twenty
7 percent shall be distributed to counties in the same manner as under
8 RCW 66.08.200; and (ii) eighty percent shall be distributed to
9 incorporated cities and towns in the same manner as under RCW
10 66.08.210.

11 (2) An additional tax is imposed on all beer subject to tax under
12 subsection (1) of this section. The additional tax is equal to two
13 dollars per barrel of thirty-one gallons. All revenues collected
14 during any month from this additional tax shall be deposited in the
15 violence reduction and drug enforcement account under RCW 69.50.520 by
16 the twenty-fifth day of the following month.

17 ~~(3)((a) An additional tax is imposed on all beer subject to tax~~
18 ~~under subsection (1) of this section. The additional tax is equal to~~
19 ~~ninety six cents per barrel of thirty one gallons through June 30,~~
20 ~~1995, two dollars and thirty nine cents per barrel of thirty one~~
21 ~~gallons for the period July 1, 1995, through June 30, 1997, and four~~
22 ~~dollars and seventy eight cents per barrel of thirty one gallons~~
23 ~~thereafter.~~

24 ~~(b) The additional tax imposed under this subsection does not apply~~
25 ~~to the sale of the first sixty thousand barrels of beer each year by~~
26 ~~breweries that are entitled to a reduced rate of tax under 26 U.S.C.~~
27 ~~Sec. 5051, as existing on July 1, 1993, or such subsequent date as may~~
28 ~~be provided by the board by rule consistent with the purposes of this~~
29 ~~exemption.~~

30 ~~(c) All revenues collected from the additional tax imposed under~~
31 ~~this subsection (3) shall be deposited in the health services account~~
32 ~~under RCW 43.72.900.~~

33 ~~(4))~~ An additional tax is imposed on all beer that is subject to
34 tax under subsection (1) of this section that is in the first sixty
35 thousand barrels of beer by breweries that are entitled to a reduced
36 rate of tax under 26 U.S.C. Sec. 5051, as existing on July 1, 1993, or
37 such subsequent date as may be provided by the board by rule consistent
38 with the purposes of ~~((the))~~ this exemption ~~((under subsection (3)(b)~~
39 ~~of this section))~~. The additional tax is equal to one dollar and

1 forty-eight and two-tenths cents per barrel of thirty-one gallons. By
2 the twenty-fifth day of the following month, three percent of the
3 revenues collected from this additional tax shall be distributed to
4 border areas under RCW 66.08.195 and the remaining moneys shall be
5 transferred to the state general fund.

6 ~~((+5))~~ (4) The tax imposed under this section shall not apply to
7 "strong beer" as defined in this title.

8 **PART XII**
9 **TAX ON SPIRITS**

10 **Sec. 1201.** RCW 82.08.150 and 1997 c 321 s 55 are each amended to
11 read as follows:

12 (1) There is levied and shall be collected a tax upon each retail
13 sale of spirits, or strong beer in the original package at the rate of
14 fifteen percent of the selling price. The tax imposed in this
15 subsection shall apply to all such sales including sales by the
16 Washington state liquor stores and agencies, but excluding sales to
17 full service restaurant licensees.

18 (2) There is levied and shall be collected a tax upon each sale of
19 spirits, or strong beer in the original package at the rate of ten
20 percent of the selling price on sales by Washington state liquor stores
21 and agencies to full service restaurant licensees.

22 (3) There is levied and shall be collected an additional tax upon
23 each retail sale of spirits in the original package at the rate of one
24 dollar and seventy-two cents per liter. The additional tax imposed in
25 this subsection shall apply to all such sales including sales by
26 Washington state liquor stores and agencies, and including sales to
27 full service restaurant licensees.

28 (4) An additional tax is imposed equal to fourteen percent
29 multiplied by the taxes payable under subsections (1), (2), and (3) of
30 this section.

31 (5) An additional tax is imposed upon each retail sale of spirits
32 in the original package at the rate of seven cents per liter. The
33 additional tax imposed in this subsection shall apply to all such sales
34 including sales by Washington state liquor stores and agencies, and
35 including sales to full service restaurant licensees. All revenues
36 collected during any month from this additional tax shall be deposited

1 in the violence reduction and drug enforcement account under RCW
2 69.50.520 by the twenty-fifth day of the following month.

3 ~~(6)((a) An additional tax is imposed upon retail sale of spirits~~
4 ~~in the original package at the rate of one and seven tenths percent of~~
5 ~~the selling price through June 30, 1995, two and six tenths percent of~~
6 ~~the selling price for the period July 1, 1995, through June 30, 1997,~~
7 ~~and three and four tenths of the selling price thereafter. This~~
8 ~~additional tax applies to all such sales including sales by Washington~~
9 ~~state liquor stores and agencies, but excluding sales to full service~~
10 ~~restaurant licensees.~~

11 ~~(b) An additional tax is imposed upon retail sale of spirits in the~~
12 ~~original package at the rate of one and one tenth percent of the~~
13 ~~selling price through June 30, 1995, one and seven tenths percent of~~
14 ~~the selling price for the period July 1, 1995, through June 30, 1997,~~
15 ~~and two and three tenths of the selling price thereafter. This~~
16 ~~additional tax applies to all such sales to full service restaurant~~
17 ~~licensees.~~

18 ~~(c) An additional tax is imposed upon each retail sale of spirits~~
19 ~~in the original package at the rate of twenty cents per liter through~~
20 ~~June 30, 1995, thirty cents per liter for the period July 1, 1995,~~
21 ~~through June 30, 1997, and forty one cents per liter thereafter. This~~
22 ~~additional tax applies to all such sales including sales by Washington~~
23 ~~state liquor stores and agencies, and including sales to full service~~
24 ~~restaurant licensees.~~

25 ~~(d) All revenues collected during any month from additional taxes~~
26 ~~under this subsection shall be deposited in the health services account~~
27 ~~created under RCW 43.72.900 by the twenty fifth day of the following~~
28 ~~month.~~

29 ~~(7))~~ The tax imposed in RCW 82.08.020 shall not apply to sales of
30 spirits or strong beer in the original package.

31 ~~((8))~~ (7) The taxes imposed in this section shall be paid by the
32 buyer to the seller, and each seller shall collect from the buyer the
33 full amount of the tax payable in respect to each taxable sale under
34 this section. The taxes required by this section to be collected by
35 the seller shall be stated separately from the selling price and for
36 purposes of determining the tax due from the buyer to the seller, it
37 shall be conclusively presumed that the selling price quoted in any
38 price list does not include the taxes imposed by this section.

1 (15) RCW 82.04.315 and 1982 c 95 s 7;
2 (16) RCW 82.04.317 and 1997 c 4 s 1;
3 (17) RCW 82.04.320 and 1961 c 15 s 82.04.320;
4 (18) RCW 82.04.322 and 1993 c 492 s 303;
5 (19) RCW 82.04.324 and 1995 2nd sp.s. c 9 s 3;
6 (20) RCW 82.04.327 and 1987 1st ex.s. c 4 s 1;
7 (21) RCW 82.04.330 and 1993 sp.s. c 25 s 305, 1988 c 253 s 2, &
8 1987 c 23 s 4;
9 (22) RCW 82.04.333 and 1990 c 141 s 1;
10 (23) RCW 82.04.335 and 1965 ex.s. c 145 s 1;
11 (24) RCW 82.04.337 and 1987 c 495 s 1;
12 (25) RCW 82.04.339 and 1992 c 81 s 1;
13 (26) RCW 82.04.3395 and 1995 2nd sp.s. c 11 s 3;
14 (27) RCW 82.04.340 and 1988 c 19 s 4 & 1961 c 15 s 82.04.340;
15 (28) RCW 82.04.350 and 1961 c 15 s 82.04.350;
16 (29) RCW 82.04.355 and 1979 c 111 s 17;
17 (30) RCW 82.04.360 and 1991 c 324 s 19, 1991 c 275 s 2, & 1961 c 15
18 s 82.04.360;
19 (31) RCW 82.04.363 and 1997 c 388 s 1;
20 (32) RCW 82.04.365 and 1995 2nd sp.s. c 11 s 1 & 1979 ex.s. c 196
21 s 7;
22 (33) RCW 82.04.366 and 1991 c 51 s 1;
23 (34) RCW 82.04.367 and 1987 c 433 s 1;
24 (35) RCW 82.04.368 and 1993 c 390 s 1;
25 (36) RCW 82.04.370 and 1961 c 293 s 4 & 1961 c 15 s 82.04.370;
26 (37) RCW 82.04.380 and 1961 c 15 s 82.04.380;
27 (38) RCW 82.04.385 and 1988 c 176 s 915, 1988 c 13 s 1, 1972 ex.s.
28 c 134 s 1, & 1970 ex.s. c 81 s 3;
29 (39) RCW 82.04.390 and 1961 c 15 s 82.04.390;
30 (40) RCW 82.04.392 and 1997 c 106 s 21;
31 (41) RCW 82.04.395 and 1979 ex.s. c 196 s 12;
32 (42) RCW 82.04.397 and 1979 ex.s. c 196 s 14;
33 (43) RCW 82.04.399 and 1996 c 272 s 1;
34 (44) RCW 82.04.405 and 1970 ex.s. c 101 s 3;
35 (45) RCW 82.04.408 and 1983 c 161 s 25;
36 (46) RCW 82.04.410 and 1967 ex.s. c 149 s 15 & 1961 c 15 s
37 82.04.410;
38 (47) RCW 82.04.415 and 1965 ex.s. c 173 s 10;
39 (48) RCW 82.04.418 and 1983 1st ex.s. c 66 s 2;

1 (49) RCW 82.04.419 and 1983 1st ex.s. c 66 s 3;
2 (50) RCW 82.04.421 and 1997 c 408 s 1;
3 (51) RCW 82.04.423 and 1983 1st ex.s. c 66 s 5;
4 (52) RCW 82.04.425 and 1980 c 37 s 78, 1965 ex.s. c 173 s 9, & 1961
5 c 15 s 82.04.425;
6 (53) RCW 82.04.4271 and 1981 c 74 s 1;
7 (54) RCW 82.04.4281 and 1980 c 37 s 2;
8 (55) RCW 82.04.4282 and 1994 c 124 s 3, 1989 c 392 s 1, & 1980 c 37
9 s 3;
10 (56) RCW 82.04.4283 and 1980 c 37 s 4;
11 (57) RCW 82.04.4284 and 1980 c 37 s 5;
12 (58) RCW 82.04.4285 and 1980 c 37 s 6;
13 (59) RCW 82.04.4286 and 1980 c 37 s 7;
14 (60) RCW 82.04.4287 and 1980 c 37 s 8;
15 (61) RCW 82.04.4291 and 1980 c 37 s 11;
16 (62) RCW 82.04.4292 and 1980 c 37 s 12;
17 (63) RCW 82.04.4293 and 1980 c 37 s 13;
18 (64) RCW 82.04.4294 and 1980 c 37 s 14;
19 (65) RCW 82.04.4295 and 1980 c 37 s 15;
20 (66) RCW 82.04.4296 and 1980 c 37 s 16;
21 (67) RCW 82.04.4297 and 1988 c 67 s 1 & 1980 c 37 s 17;
22 (68) RCW 82.04.4298 and 1980 c 37 s 18;
23 (69) RCW 82.04.431 and 1986 c 261 s 6, 1985 c 431 s 3, 1983 1st
24 ex.s. c 66 s 1, 1980 c 37 s 80, & 1979 ex.s. c 196 s 6;
25 (70) RCW 82.04.432 and 1967 ex.s. c 149 s 17;
26 (71) RCW 82.04.4322 and 1981 c 140 s 1;
27 (72) RCW 82.04.4324 and 1981 c 140 s 2;
28 (73) RCW 82.04.4326 and 1981 c 140 s 3;
29 (74) RCW 82.04.4327 and 1985 c 471 s 6;
30 (75) RCW 82.04.4329 and 1987 c 431 s 24;
31 (76) RCW 82.04.433 and 1985 c 471 s 16;
32 (77) RCW 82.04.4331 and 1988 c 107 s 33;
33 (78) RCW 82.04.4333 and 1996 c 1 s 4;
34 (79) RCW 82.04.434 and 1991 c 13 s 1;
35 (80) RCW 82.04.435 and 1971 ex.s. c 299 s 6, 1969 ex.s. c 257 s 1,
36 1967 ex.s. c 89 s 1, & 1965 ex.s. c 173 s 26;
37 (81) RCW 82.04.440 and 1994 c 124 s 4, 1987 2nd ex.s. c 3 s 2, 1985
38 c 190 s 1, 1981 c 172 s 5, 1967 ex.s. c 149 s 16, 1965 ex.s. c 173 s
39 12, & 1961 c 15 s 82.04.440;

- 1 (82) RCW 82.04.4451 and 1997 c 238 s 2 & 1994 sp.s. c 2 s 1;
2 (83) RCW 82.04.4452 and 1997 c 7 s 4 & 1994 sp.s. c 5 s 2;
3 (84) RCW 82.04.4453 and 1996 c 128 s 1 & 1994 c 270 s 2;
4 (85) RCW 82.04.4454 and 1996 c 128 s 2 & 1994 c 270 s 3;
5 (86) RCW 82.04.4455 and 1996 c 128 s 5;
6 (87) RCW 82.04.460 and 1985 c 7 s 154, 1983 2nd ex.s. c 3 s 28,
7 1975 1st ex.s. c 291 s 9, & 1961 c 15 s 82.04.460;
8 (88) RCW 82.04.480 and 1975 1st ex.s. c 278 s 44 & 1961 c 15 s
9 82.04.480;
10 (89) RCW 82.04.500 and 1961 c 15 s 82.04.500;
11 (90) RCW 82.04.510 and 1961 c 15 s 82.04.510;
12 (91) RCW 82.04.600 and 1979 ex.s. c 266 s 8; and
13 (92) RCW 82.04.900 and 1961 c 15 s 82.04.900.

14 **Sec. 1302.** RCW 82.04.4328 and 1985 c 471 s 7 are each amended to
15 read as follows:

16 (1) For the purposes of RCW ((~~82.04.4322, 82.04.4324, 82.04.4326,~~
17 ~~82.04.4327,~~) 82.08.031(~~(7)~~) and 82.12.031, the term "artistic or
18 cultural organization" means an organization which is organized and
19 operated exclusively for the purpose of providing artistic or cultural
20 exhibitions, presentations, or performances or cultural or art
21 education programs, as defined in subsection (2) of this section, for
22 viewing or attendance by the general public. The organization must be
23 a not-for-profit corporation under chapter 24.03 RCW and managed by a
24 governing board of not less than eight individuals none of whom is a
25 paid employee of the organization or by a corporation sole under
26 chapter 24.12 RCW. In addition, to qualify for deduction or exemption
27 from taxation under RCW ((~~82.04.4322, 82.04.4324, 82.04.4326,~~
28 ~~82.04.4327,~~) 82.08.031(~~(7)~~) and 82.12.031, the corporation shall
29 satisfy the following conditions:

30 (a) No part of its income may be paid directly or indirectly to its
31 members, stockholders, officers, directors, or trustees except in the
32 form of services rendered by the corporation in accordance with its
33 purposes and bylaws;

34 (b) Salary or compensation paid to its officers and executives must
35 be only for actual services rendered, and at levels comparable to the
36 salary or compensation of like positions within the state;

37 (c) Assets of the corporation must be irrevocably dedicated to the
38 activities for which the exemption is granted and, on the liquidation,

1 dissolution, or abandonment by the corporation, may not inure directly
2 or indirectly to the benefit of any member or individual except a
3 nonprofit organization, association, or corporation which also would be
4 entitled to the exemption;

5 (d) The corporation must be duly licensed or certified when
6 licensing or certification is required by law or regulation;

7 (e) The amounts received that qualify for exemption must be used
8 for the activities for which the exemption is granted;

9 (f) Services must be available regardless of race, color, national
10 origin, or ancestry; and

11 (g) The director of revenue shall have access to its books in order
12 to determine whether the corporation is exempt from taxes.

13 (2) The term "artistic or cultural exhibitions, presentations, or
14 performances or cultural or art education programs" includes and is
15 limited to:

16 (a) An exhibition or presentation of works of art or objects of
17 cultural or historical significance, such as those commonly displayed
18 in art or history museums;

19 (b) A musical or dramatic performance or series of performances; or

20 (c) An educational seminar or program, or series of such programs,
21 offered by the organization to the general public on an artistic,
22 cultural, or historical subject.

23 **PART XIV**

24 **PUBLIC UTILITY TAXES REPEALED**

25 NEW SECTION. **Sec. 1401.** The following acts or parts of acts are
26 each repealed:

27 (1) RCW 82.16.010 and 1996 c 150 s 1, 1994 c 163 s 4, 1991 c 272 s
28 14, & 1989 c 302 s 203;

29 (2) RCW 82.16.020 and 1996 c 150 s 2, 1989 c 302 s 204, 1986 c 282
30 s 14, 1985 c 471 s 10, 1983 2nd ex.s. c 3 s 13, 1982 2nd ex.s. c 5 s 1,
31 1982 1st ex.s. c 35 s 5, 1971 ex.s. c 299 s 12, 1967 ex.s. c 149 s 24,
32 1965 ex.s. c 173 s 21, 1961 c 293 s 13, & 1961 c 15 s 82.16.020;

33 (3) RCW 82.16.030 and 1989 c 302 s 205, 1982 1st ex.s. c 35 s 6, &
34 1961 c 15 s 82.16.030;

35 (4) RCW 82.16.040 and 1996 c 111 s 4 & 1961 c 15 s 82.16.040;

36 (5) RCW 82.16.042 and 1997 c 407 s 3;

37 (6) RCW 82.16.047 and 1979 c 111 s 18;

- 1 (7) RCW 82.16.048 and 1996 c 128 s 3 & 1994 c 270 s 4;
2 (8) RCW 82.16.049 and 1996 c 128 s 4 & 1994 c 270 s 5;
3 (9) RCW 82.16.050 and 1994 c 124 s 12, 1989 c 302 s 103, 1987 c 207
4 s 1, 1982 2nd ex.s. c 9 s 3, 1977 ex.s. c 368 s 1, 1967 ex.s. c 149 s
5 25, 1965 ex.s. c 173 s 22, & 1961 c 15 s 82.16.050;
6 (10) RCW 82.16.053 and 1996 c 145 s 1 & 1994 c 236 s 1;
7 (11) RCW 82.16.055 and 1980 c 149 s 3;
8 (12) RCW 82.16.060 and 1961 c 15 s 82.16.060;
9 (13) RCW 82.16.080 and 1961 c 15 s 82.16.080; and
10 (14) RCW 82.16.090 and 1988 c 228 s 1.

11 **PART XV**

12 **CONSTRUCTION--CODIFICATION--EFFECTIVE DATE**

13 NEW SECTION. **Sec. 1501.** SAVINGS. This act does not terminate, or
14 in any way modify, any obligation or any liability, civil or criminal,
15 that was already in existence on the effective date of this section.

16 NEW SECTION. **Sec. 1502.** SEVERABILITY. If any provision of this
17 act or its application to any person or circumstance is held invalid,
18 the remainder of the act or the application of the provision to other
19 persons or circumstances is not affected.

20 NEW SECTION. **Sec. 1503.** CODIFICATION. (1) Sections 101 through
21 809 of this act constitute a new title in the Revised Code of
22 Washington, to be codified as Title 82A RCW.

23 (2) Section 101 of this act constitutes a new chapter in Title 82A
24 RCW (sections 101 through 809 of this act).

25 (3) Sections 201 through 213 of this act constitute a new chapter
26 in Title 82A RCW (sections 101 through 809 of this act).

27 (4) Sections 301 through 303 of this act constitute a new chapter
28 in Title 82A RCW (sections 101 through 809 of this act).

29 (5) Sections 401 through 408 of this act constitute a new chapter
30 in Title 82A RCW (sections 101 through 809 of this act).

31 (6) Sections 501 and 502 of this act constitute a new chapter in
32 Title 82A RCW (sections 101 through 809 of this act).

33 (7) Sections 601 through 606 of this act constitute a new chapter
34 in Title 82A RCW (sections 101 through 809 of this act).

1 (8) Section 701 of this act constitutes a new chapter in Title 82A
2 RCW (sections 101 through 809 of this act).

3 (9) Sections 801 through 809 of this act constitute a new chapter
4 in Title 82A RCW (sections 101 through 809 of this act).

5 NEW SECTION. **Sec. 1504.** PART HEADINGS AND CAPTIONS. Part
6 headings and captions used in this act are not any part of the law.

7 NEW SECTION. **Sec. 1505.** EFFECTIVE DATE. This act takes effect
8 January 1, 1999.

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