
HOUSE BILL 2602

State of Washington

57th Legislature

2002 Regular Session

By Representatives Chase, Gombosky, Cairnes, Kenney, Jackley and Simpson; by request of Department of Revenue

Read first time 01/22/2002. Referred to Committee on Finance.

1 AN ACT Relating to simplifying tax administration by revising
2 terminology and updating references and procedures; amending RCW
3 67.28.1801, 67.40.140, 82.04.010, 82.04.050, 82.04.260, 82.04.272,
4 82.04.290, 82.04.290, 82.04.470, 82.08.010, 82.08.0266, 82.08.02665,
5 82.08.02745, 82.08.0283, 82.08.820, 82.08.890, 82.12.02565, 82.12.010,
6 82.12.02567, 82.12.0277, 82.12.045, 82.14.0485, 82.14.0494, 82.14.370,
7 82.14.390, 82.16.010, 82.18.060, 82.32.050, 82.32.060, 82.45.032,
8 84.04.090, and 84.36.383; amending 2001 c 188 s 1 (uncodified);
9 creating a new section; repealing RCW 63.29.033; providing an effective
10 date; and providing an expiration date.

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

12 NEW SECTION. **Sec. 1.** RCW 63.29.033 (Property presumed abandoned--
13 State or subdivision is originator or issuer) and 1992 c 48 s 1 are
14 each repealed.

15 **Sec. 2.** RCW 67.28.1801 and 1998 c 35 s 2 are each amended to read
16 as follows:

17 Tax collected under RCW 67.28.180 on a sale of lodging (~~shall be~~
18 ~~credited against the amount of sales tax due to the state~~) is a credit

1 against the state tax under chapter 82.08 RCW on the same sale of
2 lodging.

3 **Sec. 3.** RCW 67.40.140 and 1995 c 386 s 2 are each amended to read
4 as follows:

5 When remitting sales tax receipts to the state under RCW 82.14.050,
6 the city treasurer, or its designee, shall at the same time remit the
7 sales taxes collected under RCW 67.40.130 for the municipality. The
8 sum so collected and paid over on behalf of the municipality (~~shall be~~
9 ~~credited against the amount of the tax otherwise due to the state from~~
10 ~~those same taxpayers under RCW 82.08.020(1))~~ is a credit against the
11 state tax under chapter 82.08 RCW on the same sale of lodging.

12 **Sec. 4.** RCW 82.04.010 and 1996 c 93 s 4 are each amended to read
13 as follows:

14 (~~Unless the context clearly requires otherwise,~~) The definitions
15 (~~set forth in the sections preceding RCW 82.04.220~~) in this chapter
16 apply throughout this chapter, unless the context clearly requires
17 otherwise or unless otherwise provided.

18 **Sec. 5.** RCW 82.04.050 and 2000 2nd sp.s. c 4 s 23 are each amended
19 to read as follows:

20 (1) "Sale at retail" or "retail sale" means every sale of tangible
21 personal property (including articles produced, fabricated, or
22 imprinted) to all persons irrespective of the nature of their business
23 and including, among others, without limiting the scope hereof, persons
24 who install, repair, clean, alter, improve, construct, or decorate real
25 or personal property of or for consumers other than a sale to a person
26 who presents a resale certificate under RCW 82.04.470 and who:

27 (a) Purchases for the purpose of resale as tangible personal
28 property in the regular course of business without intervening use by
29 such person, but a purchase for the purpose of resale by a regional
30 transit authority under RCW 81.112.300 is not a sale for resale; or

31 (b) Installs, repairs, cleans, alters, imprints, improves,
32 constructs, or decorates real or personal property of or for consumers,
33 if such tangible personal property becomes an ingredient or component
34 of such real or personal property without intervening use by such
35 person; or

1 (c) Purchases for the purpose of consuming the property purchased
2 in producing for sale a new article of tangible personal property or
3 substance, of which such property becomes an ingredient or component or
4 is a chemical used in processing, when the primary purpose of such
5 chemical is to create a chemical reaction directly through contact with
6 an ingredient of a new article being produced for sale; or

7 (d) Purchases for the purpose of consuming the property purchased
8 in producing ferrosilicon which is subsequently used in producing
9 magnesium for sale, if the primary purpose of such property is to
10 create a chemical reaction directly through contact with an ingredient
11 of ferrosilicon; or

12 (e) Purchases for the purpose of providing the property to
13 consumers as part of competitive telephone service, as defined in RCW
14 82.04.065. The term shall include every sale of tangible personal
15 property which is used or consumed or to be used or consumed in the
16 performance of any activity classified as a "sale at retail" or "retail
17 sale" even though such property is resold or utilized as provided in
18 (a), (b), (c), (d), or (e) of this subsection following such use. The
19 term also means every sale of tangible personal property to persons
20 engaged in any business which is taxable under RCW 82.04.280 (2) and
21 (7) and 82.04.290.

22 (2) The term "sale at retail" or "retail sale" shall include the
23 sale of or charge made for tangible personal property consumed and/or
24 for labor and services rendered in respect to the following:

25 (a) The installing, repairing, cleaning, altering, imprinting, or
26 improving of tangible personal property of or for consumers, including
27 charges made for the mere use of facilities in respect thereto(~~(, but~~
28 ~~excluding~~)). The provision of linen and uniform supply services, as
29 that phrase is defined in chapter 82.08 RCW, is deemed to be made at
30 the place of delivery of the customer. The term "retail sale" excludes
31 charges made for the use of coin-operated laundry facilities when such
32 facilities are situated in an apartment house, rooming house, or mobile
33 home park for the exclusive use of the tenants thereof, and also
34 (~~excluding~~) excludes sales of laundry service to nonprofit health
35 care facilities, and (~~excluding~~) excludes services rendered in
36 respect to live animals, birds, and insects;

37 (b) The constructing, repairing, decorating, or improving of new or
38 existing buildings or other structures under, upon, or above real
39 property of or for consumers, including the installing or attaching of

1 any article of tangible personal property therein or thereto, whether
2 or not such personal property becomes a part of the realty by virtue of
3 installation, and shall also include the sale of services or charges
4 made for the clearing of land and the moving of earth excepting the
5 mere leveling of land used in commercial farming or agriculture;

6 (c) The charge for labor and services rendered in respect to
7 constructing, repairing, or improving any structure upon, above, or
8 under any real property owned by an owner who conveys the property by
9 title, possession, or any other means to the person performing such
10 construction, repair, or improvement for the purpose of performing such
11 construction, repair, or improvement and the property is then
12 reconveyed by title, possession, or any other means to the original
13 owner;

14 (d) The sale of or charge made for labor and services rendered in
15 respect to the cleaning, fumigating, razing or moving of existing
16 buildings or structures, but shall not include the charge made for
17 janitorial services; and for purposes of this section the term
18 "janitorial services" shall mean those cleaning and caretaking services
19 ordinarily performed by commercial janitor service businesses
20 including, but not limited to, wall and window washing, floor cleaning
21 and waxing, and the cleaning in place of rugs, drapes and upholstery.
22 The term "janitorial services" does not include painting, papering,
23 repairing, furnace or septic tank cleaning, snow removal or
24 sandblasting;

25 (e) The sale of or charge made for labor and services rendered in
26 respect to automobile towing and similar automotive transportation
27 services, but not in respect to those required to report and pay taxes
28 under chapter 82.16 RCW;

29 (f) The sale of and charge made for the furnishing of lodging and
30 all other services by a hotel, rooming house, tourist court, motel,
31 trailer camp, and the granting of any similar license to use real
32 property, as distinguished from the renting or leasing of real
33 property, and it shall be presumed that the occupancy of real property
34 for a continuous period of one month or more constitutes a rental or
35 lease of real property and not a mere license to use or enjoy the same;

36 (g) The sale of or charge made for tangible personal property,
37 labor and services to persons taxable under (a), (b), (c), (d), (e),
38 and (f) of this subsection when such sales or charges are for property,
39 labor and services which are used or consumed in whole or in part by

1 such persons in the performance of any activity defined as a "sale at
2 retail" or "retail sale" even though such property, labor and services
3 may be resold after such use or consumption. Nothing contained in this
4 subsection shall be construed to modify subsection (1) of this section
5 and nothing contained in subsection (1) of this section shall be
6 construed to modify this subsection.

7 (3) The term "sale at retail" or "retail sale" shall include the
8 sale of or charge made for personal, business, or professional services
9 including amounts designated as interest, rents, fees, admission, and
10 other service emoluments however designated, received by persons
11 engaging in the following business activities:

12 (a) Amusement and recreation services including but not limited to
13 golf, pool, billiards, skating, bowling, ski lifts and tows, day trips
14 for sightseeing purposes, and others, when provided to consumers;

15 (b) Abstract, title insurance, and escrow services;

16 (c) Credit bureau services;

17 (d) Automobile parking and storage garage services;

18 (e) Landscape maintenance and horticultural services but excluding
19 (i) horticultural services provided to farmers and (ii) pruning,
20 trimming, repairing, removing, and clearing of trees and brush near
21 electric transmission or distribution lines or equipment, if performed
22 by or at the direction of an electric utility. "Horticultural services
23 provided to farmers" include but are not limited to: Soil preparation
24 of land currently being used to raise plant crops such as plowing, weed
25 control, or stump removal before planting; cultivation activities, such
26 as planting, thinning, weeding, pruning, or spraying; and harvesting
27 activities, such as threshing grain or legumes, mowing and baling hay,
28 or picking fruit;

29 (f) Service charges associated with tickets to professional
30 sporting events; and

31 (g) The following personal services: Physical fitness services,
32 tanning salon services, tattoo parlor services, steam bath services,
33 turkish bath services, escort services, and dating services.

34 (4) The term shall also include the renting or leasing of tangible
35 personal property to consumers and the rental of equipment with an
36 operator.

37 (5) The term shall also include the providing of telephone service,
38 as defined in RCW 82.04.065, to consumers.

1 (6) The term shall also include the sale of canned software other
2 than a sale to a person who presents a resale certificate under RCW
3 82.04.470, regardless of the method of delivery to the end user, but
4 shall not include custom software or the customization of canned
5 software.

6 (7) The term shall not include the sale of or charge made for labor
7 and services rendered in respect to the building, repairing, or
8 improving of any street, place, road, highway, easement, right of way,
9 mass public transportation terminal or parking facility, bridge,
10 tunnel, or trestle which is owned by a municipal corporation or
11 political subdivision of the state or by the United States and which is
12 used or to be used primarily for foot or vehicular traffic including
13 mass transportation vehicles of any kind.

14 (8) The term shall also not include sales of chemical sprays or
15 washes to persons for the purpose of postharvest treatment of fruit for
16 the prevention of scald, fungus, mold, or decay, nor shall it include
17 sales of feed, seed, seedlings, fertilizer, agents for enhanced
18 pollination including insects such as bees, and spray materials to:
19 (a) Persons who participate in the federal conservation reserve
20 program, the environmental quality incentives program, the wetlands
21 reserve program, and the wildlife habitat incentives program, or their
22 successors administered by the United States department of agriculture;
23 (b) farmers for the purpose of producing for sale any agricultural
24 product; and (c) farmers acting under cooperative habitat development
25 or access contracts with an organization exempt from federal income tax
26 under 26 U.S.C. Sec. 501(c)(3) or the Washington state department of
27 fish and wildlife to produce or improve wildlife habitat on land that
28 the farmer owns or leases.

29 (9) The term shall not include the sale of or charge made for labor
30 and services rendered in respect to the constructing, repairing,
31 decorating, or improving of new or existing buildings or other
32 structures under, upon, or above real property of or for the United
33 States, any instrumentality thereof, or a county or city housing
34 authority created pursuant to chapter 35.82 RCW, including the
35 installing, or attaching of any article of tangible personal property
36 therein or thereto, whether or not such personal property becomes a
37 part of the realty by virtue of installation. Nor shall the term
38 include the sale of services or charges made for the clearing of land
39 and the moving of earth of or for the United States, any

1 instrumentality thereof, or a county or city housing authority. Nor
2 shall the term include the sale of services or charges made for
3 cleaning up for the United States, or its instrumentalities,
4 radioactive waste and other byproducts of weapons production and
5 nuclear research and development.

6 (10) Until July 1, 2003, the term shall not include the sale of or
7 charge made for labor and services rendered for environmental remedial
8 action as defined in RCW 82.04.2635(2).

9 **Sec. 6.** RCW 82.04.260 and 2001 2nd sp.s. c 25 s 2 are each amended
10 to read as follows:

11 (1) Upon every person engaging within this state in the business of
12 manufacturing:

13 (a) Wheat into flour, barley into pearl barley, soybeans into
14 soybean oil, canola into canola oil, canola meal, or canola byproducts,
15 or sunflower seeds into sunflower oil; as to such persons the amount of
16 tax with respect to such business shall be equal to the value of the
17 flour, pearl barley, oil, canola meal, or canola byproduct
18 manufactured, multiplied by the rate of 0.138 percent;

19 (b) Seafood products which remain in a raw, raw frozen, or raw
20 salted state at the completion of the manufacturing by that person; as
21 to such persons the amount of tax with respect to such business shall
22 be equal to the value of the products manufactured, multiplied by the
23 rate of 0.138 percent;

24 (c) By canning, preserving, freezing, processing, or dehydrating
25 fresh fruits and vegetables, or selling at wholesale fresh fruits and
26 vegetables canned, preserved, frozen, processed, or dehydrated by the
27 seller and sold to purchasers who transport in the ordinary course of
28 business the goods out of this state; as to such persons the amount of
29 tax with respect to such business shall be equal to the value of the
30 products canned, preserved, frozen, processed, or dehydrated multiplied
31 by the rate of 0.138 percent. As proof of sale to a person who
32 transports in the ordinary course of business goods out of this state,
33 the seller shall annually provide a statement in a form prescribed by
34 the department and retain the statement as a business record; and

35 (d) Dairy products that as of September 20, 2001, are identified in
36 21 C.F.R., chapter 1, parts 131, 133, and 135, including byproducts
37 from the manufacturing of the dairy products such as whey and casein;
38 or selling the same to purchasers who transport in the ordinary course

1 of business the goods out of state; as to such persons the tax imposed
2 shall be equal to the value of the products manufactured or the gross
3 proceeds derived from such sales multiplied by the rate of 0.138
4 percent. As proof of sale to a person who transports in the ordinary
5 course of business goods out of this state, the seller shall annually
6 provide a statement in a form prescribed by the department and retain
7 the statement as a business record.

8 (2) Upon every person engaging within this state in the business of
9 splitting or processing dried peas; as to such persons the amount of
10 tax with respect to such business shall be equal to the value of the
11 peas split or processed, multiplied by the rate of 0.138 percent.

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

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

22 (5) Upon every person engaging within this state in the business of
23 making sales, at retail or wholesale, of nuclear fuel assemblies
24 manufactured by that person, as to such persons the amount of tax with
25 respect to such business shall be equal to the gross proceeds of sales
26 of the assemblies multiplied by the rate of 0.275 percent.

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

31 (7) Upon every person engaging within this state in the business of
32 acting as a travel agent or tour operator; as to such persons the
33 amount of the tax with respect to such activities shall be equal to the
34 gross income derived from such activities multiplied by the rate of
35 0.275 percent.

36 (8) Upon every person engaging within this state in business as an
37 international steamship agent, international customs house broker,
38 international freight forwarder, vessel and/or cargo charter broker in
39 foreign commerce, and/or international air cargo agent; as to such

1 persons the amount of the tax with respect to only international
2 activities shall be equal to the gross income derived from such
3 activities multiplied by the rate of 0.275 percent.

4 (9) Upon every person engaging within this state in the business of
5 stevedoring and associated activities pertinent to the movement of
6 goods and commodities in waterborne interstate or foreign commerce; as
7 to such persons the amount of tax with respect to such business shall
8 be equal to the gross proceeds derived from such activities multiplied
9 by the rate of 0.275 percent. Persons subject to taxation under this
10 subsection shall be exempt from payment of taxes imposed by chapter
11 82.16 RCW for that portion of their business subject to taxation under
12 this subsection. Stevedoring and associated activities pertinent to
13 the conduct of goods and commodities in waterborne interstate or
14 foreign commerce are defined as all activities of a labor, service or
15 transportation nature whereby cargo may be loaded or unloaded to or
16 from vessels or barges, passing over, onto or under a wharf, pier, or
17 similar structure; cargo may be moved to a warehouse or similar holding
18 or storage yard or area to await further movement in import or export
19 or may move to a consolidation freight station and be stuffed,
20 unstuffed, containerized, separated or otherwise segregated or
21 aggregated for delivery or loaded on any mode of transportation for
22 delivery to its consignee. Specific activities included in this
23 definition are: Wharfage, handling, loading, unloading, moving of
24 cargo to a convenient place of delivery to the consignee or a
25 convenient place for further movement to export mode; documentation
26 services in connection with the receipt, delivery, checking, care,
27 custody and control of cargo required in the transfer of cargo;
28 imported automobile handling prior to delivery to consignee; terminal
29 stevedoring and incidental vessel services, including but not limited
30 to plugging and unplugging refrigerator service to containers,
31 trailers, and other refrigerated cargo receptacles, and securing ship
32 hatch covers.

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

1 If the gross income of the taxpayer is attributable to activities
2 both within and without this state, the gross income attributable to
3 this state shall be determined in accordance with the methods of
4 apportionment required under RCW 82.04.460.

5 (11) Upon every person engaging within this state as an insurance
6 agent, insurance broker, or insurance solicitor licensed under chapter
7 48.17 RCW; as to such persons, the amount of the tax with respect to
8 such licensed activities shall be equal to the gross income of such
9 business multiplied by the rate of 0.484 percent.

10 (12) Upon every person engaging within this state in business as a
11 hospital, as defined in chapter 70.41 RCW, that is operated as a
12 nonprofit corporation or by the state or any of its political
13 subdivisions, as to such persons, the amount of tax with respect to
14 such activities shall be equal to the gross income of the business
15 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5
16 percent thereafter. The moneys collected under this subsection shall
17 be deposited in the health services account created under RCW
18 43.72.900.

19 **Sec. 7.** RCW 82.04.272 and 1998 c 343 s 1 are each amended to read
20 as follows:

21 (1) Upon every person engaging within this state in the business of
22 warehousing and reselling prescription drugs; as to such persons, the
23 amount of the tax shall be equal to the gross income of the business
24 multiplied by the rate of 0.138 percent.

25 (2) For the purposes of this section:

26 (a) "Prescription drug" has the same meaning as that term is given
27 in RCW 82.08.0281; and

28 (b) "Warehousing and reselling prescription drugs" means the buying
29 of prescription drugs from a manufacturer or another wholesaler,
30 warehousing in this state, and then reselling of the drugs to persons
31 selling at retail or to hospitals, clinics, health care providers, or
32 other providers of health care services, by a wholesaler or retailer
33 who is registered with the federal drug enforcement administration and
34 licensed by the state board of pharmacy.

35 **Sec. 8.** RCW 82.04.290 and 2001 1st sp.s. c 9 s 5 are each amended
36 to read as follows:

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

6 (2) Upon every person engaging within this state in any business
7 activity other than or in addition to (~~those enumerated in RCW~~
8 ~~82.04.230, 82.04.240, 82.04.250, 82.04.255, 82.04.260, 82.04.270,~~
9 ~~82.04.298, 82.04.2905, 82.04.280, 82.04.2635, 82.04.2907, and~~
10 ~~82.04.272,~~) an activity taxed explicitly under another section in this
11 chapter and subsection (1) of this section; as to such persons the
12 amount of tax on account of such activities shall be equal to the gross
13 income of the business multiplied by the rate of 1.5 percent.

14 (3) This section includes, among others, and without limiting the
15 scope hereof (whether or not title to materials used in the performance
16 of such business passes to another by accession, confusion or other
17 than by outright sale), persons engaged in the business of rendering
18 any type of service which does not constitute a "sale at retail" or a
19 "sale at wholesale." The value of advertising, demonstration, and
20 promotional supplies and materials furnished to an agent by his
21 principal or supplier to be used for informational, educational and
22 promotional purposes shall not be considered a part of the agent's
23 remuneration or commission and shall not be subject to taxation under
24 this section.

25 **Sec. 9.** RCW 82.04.290 and 2001 1st sp.s. c 9 s 6 are each amended
26 to read as follows:

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

32 (2) Upon every person engaging within this state in any business
33 activity other than or in addition to (~~those enumerated in RCW~~
34 ~~82.04.230, 82.04.240, 82.04.250, 82.04.255, 82.04.260, 82.04.270,~~
35 ~~82.04.298, 82.04.2905, 82.04.280, 82.04.2907, and 82.04.272,~~) an
36 activity taxed explicitly under another section in this chapter and
37 subsection (1) of this section; as to such persons the amount of tax on

1 account of such activities shall be equal to the gross income of the
2 business multiplied by the rate of 1.5 percent.

3 (3) This section includes, among others, and without limiting the
4 scope hereof (whether or not title to materials used in the performance
5 of such business passes to another by accession, confusion or other
6 than by outright sale), persons engaged in the business of rendering
7 any type of service which does not constitute a "sale at retail" or a
8 "sale at wholesale." The value of advertising, demonstration, and
9 promotional supplies and materials furnished to an agent by his
10 principal or supplier to be used for informational, educational and
11 promotional purposes shall not be considered a part of the agent's
12 remuneration or commission and shall not be subject to taxation under
13 this section.

14 **Sec. 10.** RCW 82.04.470 and 1993 sp.s. c 25 s 701 are each amended
15 to read as follows:

16 (1) Unless a seller has taken from the buyer a resale certificate,
17 the burden of proving that a sale of tangible personal property, or of
18 services, was not a sale at retail shall be upon the person who made
19 it.

20 (2) If a seller does not receive a resale certificate at the time
21 of the sale, have a resale certificate on file at the time of the sale,
22 or obtain a resale certificate from the buyer within a reasonable time
23 after the sale, the seller shall remain liable for the tax as provided
24 in RCW 82.08.050, unless the seller can demonstrate facts and
25 circumstances according to rules adopted by the department of revenue
26 that show the sale was properly made without payment of sales tax.

27 (3) Resale certificates shall be valid for a period of four years
28 from the date the certificate is provided to the seller.

29 (4) The department may provide by rule for suggested forms for
30 resale certificates (~~(or equivalent documents)~~) containing the
31 information that will be accepted as resale certificates. The
32 department shall provide by rule the categories of items or services
33 that must be specified on resale certificates and the business
34 classifications that may use a blanket resale certificate.

35 (5) As used in this section, "resale certificate" means
36 documentation provided by a buyer to a seller stating that the purchase
37 is for resale in the regular course of business(~~(, or that the buyer is~~

1 ~~exempt from retail sales tax,~~) and containing the following
2 information:

3 (a) The name and address of the buyer;

4 (b) The uniform business identifier or revenue registration number
5 of the buyer, if the buyer is required to (~~{be}~~) be registered;

6 (c) The type of business engaged in;

7 (d) The categories of items or services to be purchased for resale
8 (~~{or that are exempt}~~), unless the buyer is in a business
9 classification that may present a blanket resale certificate as
10 provided by the department by rule;

11 (e) The date on which the certificate was provided;

12 (f) A statement that the items or services purchased (~~{either:~~
13 ~~{i}~~) are purchased for resale in the regular course of business(~~{i or~~
14 ~~{ii} are exempt from tax pursuant to statute}~~);

15 (g) A statement that the buyer acknowledges that the buyer is
16 solely responsible for purchasing within the categories specified on
17 the certificate and that misuse of the resale (~~{or exemption}~~)
18 privilege claimed on the certificate subjects the buyer to a penalty of
19 fifty percent of the tax due, in addition to the tax, interest, and any
20 other penalties imposed by law;

21 (h) The name of the individual authorized to sign the certificate,
22 printed in a legible fashion;

23 (i) The signature of the authorized individual; and

24 (j) The name of the seller.

25 **Sec. 11.** RCW 82.08.010 and 1985 c 38 s 3 are each amended to read
26 as follows:

27 The definitions in chapter 82.04 RCW apply throughout this chapter,
28 unless the context clearly requires otherwise or unless otherwise
29 provided. For the purposes of this chapter:

30 (1) "Selling price" means the consideration, whether money,
31 credits, rights, or other property except trade-in property of like
32 kind, expressed in the terms of money paid or delivered by a buyer to
33 a seller without any deduction on account of the cost of tangible
34 property sold, the cost of materials used, labor costs, interest,
35 discount, delivery costs, taxes other than taxes imposed under this
36 chapter if the seller advertises the price as including the tax or that
37 the seller is paying the tax, or any other expenses whatsoever paid or
38 accrued and without any deduction on account of losses; but shall not

1 include the amount of cash discount actually taken by a buyer; and
2 shall be subject to modification to the extent modification is provided
3 for in RCW 82.08.080.

4 When tangible personal property is rented or leased under
5 circumstances that the consideration paid does not represent a
6 reasonable rental for the use of the articles so rented or leased, the
7 "selling price" shall be determined as nearly as possible according to
8 the value of such use at the places of use of similar products of like
9 quality and character under such rules as the department of revenue may
10 prescribe;

11 (2) "Seller" means every person, including the state and its
12 departments and institutions, making sales at retail or retail sales to
13 a buyer or consumer, whether as agent, broker, or principal, except
14 "seller" does not mean the state and its departments and institutions
15 when making sales to the state and its departments and institutions;

16 (3) "Buyer" and "consumer" include, without limiting the scope
17 hereof, every individual, receiver, assignee, trustee in bankruptcy,
18 trust, estate, firm, copartnership, joint venture, club, company, joint
19 stock company, business trust, corporation, association, society, or
20 any group of individuals acting as a unit, whether mutual, cooperative,
21 fraternal, nonprofit, or otherwise, municipal corporation, quasi
22 municipal corporation, and also the state, its departments and
23 institutions and all political subdivisions thereof, irrespective of
24 the nature of the activities engaged in or functions performed, and
25 also the United States or any instrumentality thereof((+)

26 ~~(4) The meaning attributed in chapter 82.04 RCW to the terms "tax~~
27 ~~year," "taxable year," "person," "company," "sale," "sale at retail,"~~
28 ~~"retail sale," "sale at wholesale," "wholesale," "business," "engaging~~
29 ~~in business," "cash discount," "successor," "consumer," "in this state"~~
30 ~~and "within this state" shall apply equally to the provisions of this~~
31 ~~chapter)).~~

32 **Sec. 12.** RCW 82.08.0266 and 1999 c 358 s 5 are each amended to
33 read as follows:

34 The tax levied by RCW 82.08.020 shall not apply to sales to
35 nonresidents of this state for use outside of this state of watercraft
36 requiring coast guard registration or registration by the state of
37 principal use according to the Federal Boating Act of 1958, even though
38 delivery be made within this state, but only when (1) the watercraft

1 will not be used within this state for more than forty-five days and
2 (2) an appropriate exemption certificate supported by identification
3 ascertaining residence as required by the department (~~(of revenue)~~) and
4 signed by the (~~(purchaser)~~) buyer or (~~(his)~~) the buyer's agent
5 establishing the fact that the (~~(purchaser)~~) buyer is a nonresident and
6 that the watercraft is for use outside of this state, a copy of which
7 shall be retained by the (~~(dealer)~~) seller.

8 **Sec. 13.** RCW 82.08.02665 and 1999 c 358 s 6 are each amended to
9 read as follows:

10 The tax levied by RCW 82.08.020 does not apply to sales of vessels
11 to residents of foreign countries for use outside of this state, even
12 though delivery is made within this state, but only if (1) the vessel
13 will not be used within this state for more than forty-five days and
14 (2) an appropriate exemption certificate supported by identification as
15 required by the department (~~(of revenue)~~) and signed by the
16 (~~(purchaser)~~) buyer or the (~~(purchaser's)~~) buyer's agent establishes
17 the fact that the (~~(purchaser)~~) buyer is a resident of a foreign
18 country and that the vessel is for use outside of this state. A copy
19 of the exemption certificate is to be retained by the (~~(dealer)~~)
20 seller.

21 As used in this section, "vessel" means every watercraft used or
22 capable of being used as a means of transportation on the water, other
23 than a seaplane.

24 **Sec. 14.** RCW 82.08.02745 and 1997 c 438 s 1 are each amended to
25 read as follows:

26 (1) The tax levied by RCW 82.08.020 shall not apply to charges made
27 for labor and services rendered by any person in respect to the
28 constructing, repairing, decorating, or improving of new or existing
29 buildings or other structures used as agricultural employee housing, or
30 to sales of tangible personal property that becomes an ingredient or
31 component of the buildings or other structures during the course of the
32 constructing, repairing, decorating, or improving the buildings or
33 other structures(~~(, but)~~). The exemption is available only if the
34 buyer provides the seller with an exemption certificate in a form and
35 manner prescribed by the department (~~(by rule)~~).

36 (2) The exemption provided in this section for agricultural
37 employee housing provided to year-round employees of the agricultural

1 employer, only applies if that housing is built to the current building
2 code for single-family or multifamily dwellings according to the state
3 building code, chapter 19.27 RCW.

4 (3) Any agricultural employee housing built under this section
5 shall be used according to this section for at least five consecutive
6 years from the date the housing is approved for occupancy, or the full
7 amount of tax otherwise due shall be immediately due and payable
8 together with interest, but not penalties, from the date the housing is
9 approved for occupancy until the date of payment. If at any time
10 agricultural employee housing that is not located on agricultural land
11 ceases to be used in the manner specified in subsection (2) of this
12 section, the full amount of tax otherwise due shall be immediately due
13 and payable with interest, but not penalties, from the date the housing
14 ceases to be used as agricultural employee housing until the date of
15 payment.

16 (4) The exemption provided in this section shall not apply to
17 housing built for the occupancy of an employer, family members of an
18 employer, or persons owning stock or shares in a farm partnership or
19 corporation business.

20 (5) For purposes of this section and RCW 82.12.02685:

21 (a) "Agricultural employee" or "employee" has the same meaning as
22 given in RCW 19.30.010;

23 (b) "Agricultural employer" or "employer" has the same meaning as
24 given in RCW 19.30.010; and

25 (c) "Agricultural employee housing" means all facilities provided
26 by an agricultural employer, housing authority, local government, state
27 or federal agency, nonprofit community or neighborhood-based
28 organization that is exempt from income tax under section 501(c) of the
29 internal revenue code of 1986 (26 U.S.C. Sec. 501(c)), or for-profit
30 provider of housing for housing agricultural employees on a year-round
31 or seasonal basis, including bathing, food handling, hand washing,
32 laundry, and toilet facilities, single-family and multifamily dwelling
33 units and dormitories, and includes labor camps under RCW ((70-54.110))
34 70.114A.110. "Agricultural employee housing" does not include housing
35 regularly provided on a commercial basis to the general public.
36 "Agricultural employee housing" does not include housing provided by a
37 housing authority unless at least eighty percent of the occupants are
38 agricultural employees whose adjusted income is less than fifty percent

1 of median family income, adjusted for household size, for the county
2 where the housing is provided.

3 **Sec. 15.** RCW 82.08.0283 and 2001 c 75 s 1 are each amended to read
4 as follows:

5 (1) The tax levied by RCW 82.08.020 shall not apply to sales of
6 insulin; prosthetic devices and the components thereof; dental
7 appliances, devices, restorations, and substitutes, and the components
8 thereof, including but not limited to full and partial dentures,
9 crowns, inlays, fillings, braces, and retainers; orthotic devices
10 prescribed for an individual by a person licensed under chapters 18.22,
11 18.25, 18.57, or 18.71 RCW, and the components thereof; hearing
12 instruments dispensed or fitted by a person licensed or certified under
13 chapter 18.35 RCW, and the components thereof; medicines of mineral,
14 animal, and botanical origin prescribed, administered, dispensed, or
15 used in the treatment of an individual by a person licensed under
16 chapter 18.36A RCW; ostomic items; and ~~((medically prescribed))~~ oxygen,
17 including, but not limited to, oxygen concentrator systems, oxygen
18 enricher systems, liquid oxygen systems, ~~((and))~~ gaseous, bottled
19 oxygen systems, and other like portable systems, to be prescribed for
20 use by an individual, whether or not purchased by an individual. The
21 prescription must be by a person licensed under chapter 18.57 or 18.71
22 RCW for use in the medical treatment of ~~((that))~~ the individual.

23 (2) In addition, the tax levied by RCW 82.08.020 shall not apply to
24 charges made for labor and services rendered in respect to the
25 repairing, cleaning, altering, or improving of any of the items
26 exempted under this section.

27 **Sec. 16.** RCW 82.08.820 and 1997 c 450 s 2 are each amended to read
28 as follows:

29 (1) Wholesalers or third-party warehouseers who own or operate
30 warehouses or grain elevators and retailers who own or operate
31 distribution centers, and who have paid the tax levied by RCW 82.08.020
32 on:

33 (a) Material-handling and racking equipment, and labor and services
34 rendered in respect to installing, repairing, cleaning, altering, or
35 improving the equipment; or

36 (b) Construction of a warehouse or grain elevator, including
37 materials, and including service and labor costs,

1 are eligible for an exemption in the form of a remittance. The amount
2 of the remittance is computed under subsection (3) of this section and
3 is based on the state share of sales tax.

4 (2) For purposes of this section and RCW 82.12.820:

5 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

6 (b) "Construction" means the actual construction of a warehouse or
7 grain elevator that did not exist before the construction began.
8 "Construction" includes expansion if the expansion adds at least two
9 hundred thousand square feet of additional space to an existing
10 warehouse or additional storage capacity of at least one million
11 bushels to an existing grain elevator. "Construction" does not include
12 renovation, remodeling, or repair;

13 (c) "Department" means the department of revenue;

14 (d) "Distribution center" means a warehouse that is used
15 exclusively by a retailer solely for the storage and distribution of
16 finished goods to retail outlets of the retailer. "Distribution
17 center" does not include a warehouse at which retail sales occur;

18 (e) "Finished goods" means tangible personal property intended for
19 sale by a retailer or wholesaler. "Finished goods" does not include
20 agricultural products stored by wholesalers, third-party warehouses, or
21 retailers if the storage takes place on the land of the person who
22 produced the agricultural product. "Finished goods" does not include
23 (~~logs, minerals, petroleum, gas, or other~~) extracted products stored
24 as raw materials or in bulk;

25 (f) "Grain elevator" means a structure used for storage and
26 handling of grain in bulk;

27 (g) "Material-handling equipment and racking equipment" means
28 equipment in a warehouse or grain elevator that is primarily used to
29 handle, store, organize, convey, package, or repackage finished goods.
30 The term includes tangible personal property with a useful life of one
31 year or more that becomes an ingredient or component of the equipment,
32 including repair and replacement parts. The term does not include
33 equipment in offices, lunchrooms, restrooms, and other like space,
34 within a warehouse or grain elevator, or equipment used for
35 nonwarehousing purposes. "Material-handling equipment" includes but is
36 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-
37 place units, cranes, hoists, mechanical arms, and robots; mechanized
38 systems, including containers that are an integral part of the system,
39 whose purpose is to lift or move tangible personal property; and

1 automated handling, storage, and retrieval systems, including computers
2 that control them, whose purpose is to lift or move tangible personal
3 property; and forklifts and other off-the-road vehicles that are used
4 to lift or move tangible personal property and that cannot be operated
5 legally on roads and streets. "Racking equipment" includes, but is not
6 limited to, conveying systems, chutes, shelves, racks, bins, drawers,
7 pallets, and other containers and storage devices that form a necessary
8 part of the storage system;

9 (h) "Person" has the meaning given in RCW 82.04.030;

10 (i) "Retailer" means a person who makes "sales at retail" as
11 defined in chapter 82.04 RCW of tangible personal property;

12 (j) "Square footage" means the product of the two horizontal
13 dimensions of each floor of a specific warehouse. The entire footprint
14 of the warehouse shall be measured in calculating the square footage,
15 including space that juts out from the building profile such as loading
16 docks. "Square footage" does not mean the aggregate of the square
17 footage of more than one warehouse at a location or the aggregate of
18 the square footage of warehouses at more than one location;

19 (k) "Third-party warehouse" means a person taxable under RCW
20 82.04.280(4);

21 (l) "Warehouse" means an enclosed building or structure in which
22 finished goods are stored. A warehouse building or structure may have
23 more than one storage room and more than one floor. Office space,
24 lunchrooms, restrooms, and other space within the warehouse and
25 necessary for the operation of the warehouse are considered part of the
26 warehouse as are loading docks and other such space attached to the
27 building and used for handling of finished goods. Landscaping and
28 parking lots are not considered part of the warehouse. A storage yard
29 is not a warehouse, nor is a building in which manufacturing takes
30 place; and

31 (m) "Wholesaler" means a person who makes "sales at wholesale" as
32 defined in chapter 82.04 RCW of tangible personal property, but
33 "wholesaler" does not include a person who makes sales exempt under RCW
34 82.04.330.

35 (3)(a) A person claiming an exemption from state tax in the form of
36 a remittance under this section must pay the tax imposed by RCW
37 82.08.020. The buyer may then apply to the department for remittance
38 of all or part of the tax paid under RCW 82.08.020. For grain
39 elevators with bushel capacity of one million but less than two

1 million, the remittance is equal to fifty percent of the amount of tax
2 paid. For warehouses with square footage of two hundred thousand or
3 more and for grain elevators with bushel capacity of two million or
4 more, the remittance is equal to one hundred percent of the amount of
5 tax paid for qualifying construction, materials, service, and labor,
6 and fifty percent of the amount of tax paid for qualifying material-
7 handling equipment and racking equipment, and labor and services
8 rendered in respect to installing, repairing, cleaning, altering, or
9 improving the equipment.

10 (b) The department shall determine eligibility under this section
11 based on information provided by the buyer and through audit and other
12 administrative records. The buyer shall on a quarterly basis submit an
13 information sheet, in a form and manner as required by the department
14 by rule, specifying the amount of exempted tax claimed and the
15 qualifying purchases or acquisitions for which the exemption is
16 claimed. The buyer shall retain, in adequate detail to enable the
17 department to determine whether the equipment or construction meets the
18 criteria under this section: Invoices; proof of tax paid; documents
19 describing the material-handling equipment and racking equipment;
20 location and size of warehouses and grain elevators; and construction
21 invoices and documents.

22 (c) The department shall on a quarterly basis remit exempted
23 amounts to qualifying persons who submitted applications during the
24 previous quarter.

25 (4) Warehouses, grain elevators, and material-handling equipment
26 and racking equipment for which an exemption, credit, or deferral has
27 been or is being received under chapter 82.60, 82.61, 82.62, or 82.63
28 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
29 remittance under this section. Warehouses and grain elevators upon
30 which construction was initiated before May 20, 1997, are not eligible
31 for a remittance under this section.

32 (5) The lessor or owner of a warehouse or grain elevator is not
33 eligible for a remittance under this section unless the underlying
34 ownership of the warehouse or grain elevator and the material-handling
35 equipment and racking equipment vests exclusively in the same person,
36 or unless the lessor by written contract agrees to pass the economic
37 benefit of the remittance to the lessee in the form of reduced rent
38 payments.

1 **Sec. 17.** RCW 82.08.890 and 2001 2nd sp.s. c 18 s 2 are each
2 amended to read as follows:

3 (1) The tax levied by RCW 82.08.020 does not apply to sales to
4 eligible persons of services rendered in respect to operating,
5 repairing, cleaning, altering, or improving of dairy nutrient
6 management equipment and facilities, or to sales of tangible personal
7 property that becomes an ingredient or component of the equipment and
8 facilities. The equipment and facilities must be used exclusively for
9 activities necessary to maintain a dairy nutrient management plan as
10 required under chapter 90.64 RCW. This exemption applies to sales made
11 after the dairy nutrient management plan is certified under chapter
12 90.64 RCW.

13 (2)(a) The department (~~(of revenue)~~) must provide an exemption
14 certificate to an eligible person upon application by that person. The
15 department of (~~(agriculture)~~) ecology must provide a list of eligible
16 persons to the department of revenue. The application must be in a
17 form and manner prescribed by the department and must contain
18 information regarding the location of the dairy and other information
19 the department may require.

20 (b) The exemption is available only (~~(when)~~) if the buyer provides
21 the seller with an exemption certificate in a form and manner
22 prescribed by the department. The seller must retain a copy of the
23 certificate for the seller's files.

24 (3) The definitions in this subsection apply to this section and
25 RCW 82.12.890 unless the context clearly requires otherwise:

26 (a) "Dairy nutrient management equipment and facilities" means
27 machinery, equipment, and structures used in the handling and treatment
28 of dairy manure, such as aerators, agitators, alley scrapers, augers,
29 dams, gutter cleaners, loaders, lagoons, pipes, pumps, separators, and
30 tanks. The term also includes tangible personal property that becomes
31 an ingredient or component of the equipment and facilities, including
32 repair and replacement parts.

33 (b) "Eligible person" means a person licensed to produce milk under
34 chapter 15.36 RCW who has a certified dairy nutrient management plan by
35 December 31, 2003, as required by chapter 90.64 RCW.

36 **Sec. 18.** RCW 82.12.02565 and 1999 c 211 s 6 are each amended to
37 read as follows:

1 (1) The provisions of this chapter shall not apply in respect to
2 the use by a manufacturer or processor for hire of machinery and
3 equipment used directly in a manufacturing operation or research and
4 development operation or to the use by a person engaged in testing for
5 a manufacturer or processor for hire of machinery and equipment used
6 directly in a testing operation.

7 (2) The provisions of this chapter shall not apply to a bailor upon
8 the bailment without intervening use when the bailment is by a
9 manufacturer or processor for hire of tangible personal property to a
10 manufacturer or processor for hire, if the bailee's use of the tangible
11 personal property is eligible for the exemption from tax under this
12 section.

13 **Sec. 19.** 2001 c 188 s 1 (uncodified) is amended to read as
14 follows:

15 The legislature finds that programs to allow buyers to remit sales
16 and use tax, rather than traditional collection and remittance by the
17 seller of sales and use tax, can assist in tax compliance, ease
18 administrative burdens, and reduce (~~(impacts on)~~) expenses of buyers
19 and sellers. It is the intent of the legislature to grant the
20 department of revenue the authority to permit certain buyers to make
21 direct payment (~~(authority)~~) of tax in those instances where it can be
22 shown, to the satisfaction of the department, that direct payment does
23 not burden sellers and does not complicate administration for the
24 department. Buyers authorized for direct payment will remit tax
25 directly to the department, and will pay use tax on tangible personal
26 property and sales tax on retail labor and/or services.

27 This act does not affect the requirements to use a resale
28 certificate nor does it affect the business and occupation tax
29 treatment of the seller or reduce the tax burden of the buyer.

30 **Sec. 20.** RCW 82.12.010 and 2001 c 188 s 3 are each amended to read
31 as follows:

32 For the purposes of this chapter:

33 (1)(a) "Value of the article used" shall mean the consideration,
34 whether money, credit, rights, or other property except trade-in
35 property of like kind, expressed in terms of money, paid or given or
36 contracted to be paid or given by the purchaser to the seller for the
37 article of tangible personal property, the use of which is taxable

1 under this chapter. The term includes, in addition to the
2 consideration paid or given or contracted to be paid or given, the
3 amount of any tariff or duty paid with respect to the importation of
4 the article used. In case the article used is acquired by lease or by
5 gift or is extracted, produced, or manufactured by the person using the
6 same or is sold under conditions wherein the purchase price does not
7 represent the true value thereof, the value of the article used shall
8 be determined as nearly as possible according to the retail selling
9 price at place of use of similar products of like quality and character
10 under such rules as the department of revenue may prescribe.

11 (b) In case the articles used are acquired by bailment, the value
12 of the use of the articles so used shall be in an amount representing
13 a reasonable rental for the use of the articles so bailed, determined
14 as nearly as possible according to the value of such use at the places
15 of use of similar products of like quality and character under such
16 rules as the department of revenue may prescribe. In case any such
17 articles of tangible personal property are used in respect to the
18 construction, repairing, decorating, or improving of, and which become
19 or are to become an ingredient or component of, new or existing
20 buildings or other structures under, upon, or above real property of or
21 for the United States, any instrumentality thereof, or a county or city
22 housing authority created pursuant to chapter 35.82 RCW, including the
23 installing or attaching of any such articles therein or thereto,
24 whether or not such personal property becomes a part of the realty by
25 virtue of installation, then the value of the use of such articles so
26 used shall be determined according to the retail selling price of such
27 articles, or in the absence of such a selling price, as nearly as
28 possible according to the retail selling price at place of use of
29 similar products of like quality and character or, in the absence of
30 either of these selling price measures, such value may be determined
31 upon a cost basis, in any event under such rules as the department of
32 revenue may prescribe.

33 (c) In the case of articles owned by a user engaged in business
34 outside the state which are brought into the state for no more than one
35 hundred eighty days in any period of three hundred sixty-five
36 consecutive days and which are temporarily used for business purposes
37 by the person in this state, the value of the article used shall be an
38 amount representing a reasonable rental for the use of the articles,
39 unless the person has paid tax under this chapter or chapter 82.08 RCW

1 upon the full value of the article used, as defined in (a) of this
2 subsection.

3 (d) In the case of articles manufactured or produced by the user
4 and used in the manufacture or production of products sold or to be
5 sold to the department of defense of the United States, the value of
6 the articles used shall be determined according to the value of the
7 ingredients of such articles.

8 (e) In the case of an article manufactured or produced for purposes
9 of serving as a prototype for the development of a new or improved
10 product, the value of the article used shall be determined by: (i) The
11 retail selling price of such new or improved product when first offered
12 for sale; or (ii) the value of materials incorporated into the
13 prototype in cases in which the new or improved product is not offered
14 for sale.

15 (f) In the case of an article purchased with a direct pay permit
16 under RCW 82.32.087, the value of the article used shall be determined
17 by the retail selling price, as defined in RCW 82.08.010, of such
18 article if but for the use of the direct pay permit the transaction
19 would have been subject to sales tax;

20 (2) "Use," "used," "using," or "put to use" shall have their
21 ordinary meaning, and shall mean the first act within this state by
22 which the taxpayer takes or assumes dominion or control over the
23 article of tangible personal property (as a consumer), and include
24 installation, storage, withdrawal from storage, or any other act
25 preparatory to subsequent actual use or consumption within this state.
26 In the case of an article purchased with a direct pay permit under RCW
27 82.32.087, and stored within this state preparatory to subsequent
28 actual use or consumption outside this state, such storage within this
29 state is deemed to be actual use within this state, if but for the use
30 of the direct pay permit the transaction would have been subject to the
31 tax imposed by RCW 82.08.020;

32 (3) "Taxpayer" and "purchaser" include all persons included within
33 the meaning of the word "buyer" and the word "consumer" as defined in
34 chapters 82.04 and 82.08 RCW;

35 (4) "Retailer" means every seller as defined in RCW 82.08.010 and
36 every person engaged in the business of selling tangible personal
37 property at retail and every person required to collect from purchasers
38 the tax imposed under this chapter;

1 (5) The meaning ascribed to words and phrases in chapters 82.04 and
2 82.08 RCW, insofar as applicable, shall have full force and effect with
3 respect to taxes imposed under the provisions of this chapter.
4 "Consumer," in addition to the meaning ascribed to it in chapters 82.04
5 and 82.08 RCW insofar as applicable, shall also mean any person who
6 distributes or displays, or causes to be distributed or displayed, any
7 article of tangible personal property, except newspapers, the primary
8 purpose of which is to promote the sale of products or services.

9 **Sec. 21.** RCW 82.12.02567 and 2001 c 213 s 2 are each amended to
10 read as follows:

11 (1) The provisions of this chapter shall not apply with respect to
12 machinery and equipment used directly in generating not less than two
13 hundred watts of electricity using fuel cells, wind, sun, or landfill
14 gas as the principal source of power.

15 (2) The definitions in RCW 82.08.02567 apply to this section.

16 (3) This section expires June 30, 2009.

17 **Sec. 22.** RCW 82.12.0277 and 2001 c 75 s 2 are each amended to read
18 as follows:

19 The provisions of this chapter shall not apply in respect to the
20 use of insulin; prosthetic devices and the components thereof; dental
21 appliances, devices, restorations, and substitutes, and the components
22 thereof, including but not limited to full and partial dentures,
23 crowns, inlays, fillings, braces, and retainers; orthotic devices
24 prescribed for an individual by a person licensed under chapters 18.22,
25 18.25, 18.57, or 18.71 RCW, and the components thereof; hearing
26 instruments dispensed or fitted by a person licensed or certified under
27 chapter 18.35 RCW, and the components thereof; medicines of mineral,
28 animal, and botanical origin prescribed, administered, dispensed, or
29 used in the treatment of an individual by a person licensed under
30 chapter 18.36A RCW; ostomic items; and ~~((medically prescribed))~~ oxygen,
31 including, but not limited to, oxygen concentrator systems, oxygen
32 enricher systems, liquid oxygen systems, ~~((and))~~ gaseous, bottled
33 oxygen systems, and other like portable systems, to be prescribed for
34 use by an individual, whether or not purchased by an individual. The
35 prescription must be by a person licensed under chapter 18.57 or 18.71
36 RCW for use in the medical treatment of ~~((that))~~ the individual.

1 **Sec. 23.** RCW 82.12.045 and 1996 c 149 s 19 are each amended to
2 read as follows:

3 (1) ~~((In the collection of the use tax on motor vehicles,))~~ The
4 department ~~((of revenue))~~ may designate the county auditors of the
5 several counties of the state as its collecting agents in the
6 collection of the use tax on tangible personal property consisting of
7 vehicles as defined in RCW 46.04.670, off-road vehicles as defined in
8 RCW 46.09.020, snowmobiles as defined in RCW 46.10.010, or vessels as
9 defined in RCW 88.02.010. Upon such designation, ~~((it shall be the~~
10 ~~duty of))~~ each county auditor ~~((to))~~ shall collect the tax ~~((at the~~
11 ~~time))~~ when an applicant applies for the registration of, and transfer
12 of certificate of ownership or vessel certificate of title to, the
13 ~~((motor vehicle))~~ property, except ~~((in the following instances))~~ where
14 the:

15 (a) ~~((Where the))~~ Applicant exhibits a dealer's report of sale
16 showing that ~~((the retail sales tax has been collected by))~~ the dealer
17 has collected the retail sales tax;

18 (b) ~~((Where the))~~ Application is for the renewal of registration;

19 (c) ~~((Where the))~~ Applicant presents a written statement signed by
20 the department ~~((of revenue))~~, or its duly authorized agent showing
21 that no use tax is legally due; or

22 (d) ~~((Where the))~~ Applicant presents satisfactory evidence showing
23 that the applicant has paid the retail sales tax or the use tax ~~((has~~
24 ~~been paid by him))~~ on the ~~((vehicle))~~ property in question.

25 (2) ~~((The term "motor vehicle," as used in this section means and~~
26 ~~includes all motor vehicles, trailers and semitrailers used, or of a~~
27 ~~type designed primarily to be used, upon the public streets and~~
28 ~~highways, for the convenience or pleasure of the owner, or for the~~
29 ~~conveyance, for hire or otherwise, of persons or property, including~~
30 ~~fixed loads, facilities for human habitation, and vehicles carrying~~
31 ~~exempt licenses.~~

32 ~~((3) It shall be the duty of))~~ Every applicant applying for
33 registration and transfer of certificate of ownership or vessel
34 certificate of title who is subject to payment of tax under this
35 section ~~((to))~~ shall declare upon ~~((his))~~ the application the value of
36 the ~~((vehicle))~~ property for which application is made, which shall
37 consist of the consideration paid or contracted to be paid therefor.

38 ~~((4) Each county auditor who acts as agent of the department of~~
39 ~~revenue shall at the time of))~~ (3) When remitting license fee receipts

1 on ~~((motor vehicles))~~ tangible personal property subject to the
2 provisions of this section, each county auditor shall pay over and
3 account to the state treasurer for all use tax revenue collected under
4 this section~~((, after first deducting as his))~~. Each county auditor
5 may deduct a collection fee ~~((the sum))~~ of two dollars for each ~~((motor~~
6 ~~vehicle))~~ transfer of personal property upon which the tax ~~((has been))~~
7 was collected. The state treasurer shall credit all revenue received
8 ~~((by the state treasurer))~~ under this section ~~((shall be credited))~~ to
9 the general fund. Each county auditor shall deposit the ~~((auditor's))~~
10 collection fee ~~((shall be deposited))~~ in the county current expense
11 fund. A duplicate of the county auditor's transmittal report to the
12 state treasurer shall be forwarded ~~((forthwith))~~ immediately to the
13 department ~~((of revenue))~~.

14 ~~((+5))~~ (4) Any applicant who ~~((has))~~ paid use tax to a county
15 auditor under this section may apply to the department ~~((of revenue))~~
16 for refund thereof if ~~((he))~~ the applicant has reason to believe that
17 such tax was not legally due and owing. No refund shall be allowed
18 unless application therefor is received by the department of revenue
19 within the statutory period for assessment of taxes, penalties, or
20 interest prescribed by RCW 82.32.050(3). Upon receipt of an
21 application for refund the department ~~((of revenue))~~ shall consider the
22 same and issue its order either granting or denying it and if refund is
23 denied the taxpayer shall have the right of appeal as provided in RCW
24 82.32.170~~((7))~~ and 82.32.180 ~~((and 82.32.190))~~.

25 ~~((+6))~~ (5) The provisions of this section shall be construed as
26 cumulative of other methods prescribed in ~~((chapters 82.04 to 82.32~~
27 ~~RCW))~~ this title, inclusive, for the collection of the tax imposed by
28 this chapter. The department ~~((of revenue shall have power to~~
29 ~~promulgate))~~ may adopt such rules as may be necessary to administer the
30 provisions of this section. Any duties required by this section to be
31 performed by the county auditor may be performed by the director of
32 licensing but no collection fee shall be deductible by said director in
33 remitting use tax revenue to the state treasurer.

34 **Sec. 24.** RCW 82.14.0485 and 1995 3rd sp.s. c 1 s 101 are each
35 amended to read as follows:

36 (1) The legislative authority of a county with a population of one
37 million or more may impose a sales and use tax in accordance with the
38 terms of this chapter. The tax is in addition to other taxes

1 authorized by law and shall be collected from those persons who are
2 taxable by the state under chapters 82.08 and 82.12 RCW upon the
3 occurrence of any taxable event within the county. The rate of tax
4 shall not exceed 0.017 percent of the selling price in the case of a
5 sales tax or value of the article used in the case of a use tax.

6 (2) The tax imposed under subsection (1) of this section (~~((shall be
7 deducted from the amount of tax otherwise required to be collected or
8 paid over to the department of revenue))~~) is a credit against the state
9 tax under chapter 82.08 or 82.12 RCW. The department (~~((of revenue))~~)
10 shall perform the collection of such taxes on behalf of the county at
11 no cost to the county and shall remit the tax to the county pursuant to
12 RCW 82.14.060.

13 (3) Moneys collected under this section shall only be used for the
14 purpose of paying the principal and interest payments on bonds issued
15 by a county to construct a baseball stadium.

16 (4) No tax may be collected under this section before January 1,
17 1996, and no tax may be collected under this section unless the taxes
18 under RCW 82.14.360 are being collected. The tax imposed in this
19 section shall expire when the bonds issued for the construction of the
20 baseball stadium are retired, but not more than twenty years after the
21 tax is first collected.

22 (5) As used in this section, "baseball stadium" means a baseball
23 stadium with natural turf and a retractable roof or canopy, together
24 with associated parking facilities, constructed in the largest city in
25 a county with a population of one million or more.

26 **Sec. 25.** RCW 82.14.0494 and 1997 c 220 s 204 are each amended to
27 read as follows:

28 (1) The legislative authority of a county that has created a public
29 stadium authority to develop a stadium and exhibition center under RCW
30 36.102.050 may impose a sales and use tax in accordance with this
31 chapter. The tax is in addition to other taxes authorized by law and
32 shall be collected from those persons who are taxable by the state
33 under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable
34 event within the county. The rate of tax shall be 0.016 percent of the
35 selling price in the case of a sales tax or value of the article used
36 in the case of a use tax.

37 (2) The tax imposed under subsection (1) of this section (~~((shall be
38 deducted from the amount of tax otherwise required to be collected or~~

1 ~~paid over to the department of revenue)) is a credit against the state~~
2 ~~tax~~ under chapter 82.08 or 82.12 RCW. The department (~~of revenue~~)
3 shall perform the collection of such taxes on behalf of the county at
4 no cost to the county and shall remit the tax pursuant to RCW
5 82.14.060.

6 (3) Before the issuance of bonds in RCW 43.99N.020, all revenues
7 collected on behalf of the county under this section shall be
8 transferred to the public stadium authority. After bonds are issued
9 under RCW 43.99N.020, all revenues collected on behalf of the county
10 under this section shall be deposited in the stadium and exhibition
11 center account under RCW 43.99N.060.

12 (4) The definitions in RCW 36.102.010 apply to this section.

13 (5) This section expires on the earliest of the following dates:

14 (a) December 31, 1999, if the conditions for issuance of bonds
15 under RCW 43.99N.020 have not been met before that date;

16 (b) The date on which all bonds issued under RCW 43.99N.020 have
17 been retired; or

18 (c) Twenty-three years after the date the tax under this section is
19 first imposed.

20 **Sec. 26.** RCW 82.14.370 and 1999 c 311 s 101 are each amended to
21 read as follows:

22 (1) The legislative authority of a rural county may impose a sales
23 and use tax in accordance with the terms of this chapter. The tax is
24 in addition to other taxes authorized by law and shall be collected
25 from those persons who are taxable by the state under chapters 82.08
26 and 82.12 RCW upon the occurrence of any taxable event within the
27 county. The rate of tax shall not exceed 0.08 percent of the selling
28 price in the case of a sales tax or value of the article used in the
29 case of a use tax, except that for rural counties with population
30 densities between sixty and one hundred persons per square mile, the
31 rate shall not exceed 0.04 percent before January 1, 2000.

32 (2) The tax imposed under subsection (1) of this section (~~shall be~~
33 ~~deducted from the amount of tax otherwise required to be collected or~~
34 ~~paid over to the department of revenue)) is a credit against the state
35 tax under chapter 82.08 or 82.12 RCW. The department (~~of revenue~~)
36 shall perform the collection of such taxes on behalf of the county at
37 no cost to the county and shall remit the tax pursuant to RCW
38 82.14.060.~~

1 (3) Moneys collected under this section shall only be used for the
2 purpose of financing public facilities in rural counties. The public
3 facility must be listed as an item in the officially adopted county
4 overall economic development plan, or the economic development section
5 of the county's comprehensive plan, or the comprehensive plan of a city
6 or town located within the county for those counties planning under RCW
7 36.70A.040. For those counties that do not have an adopted overall
8 economic development plan and do not plan under the growth management
9 act, the public facility must be listed in the county's capital
10 facilities plan or the capital facilities plan of a city or town
11 located within the county. In implementing this section, the county
12 shall consult with cities, towns, and port districts located within the
13 county. For the purposes of this section, "public facilities" means
14 bridges, roads, domestic and industrial water facilities, sanitary
15 sewer facilities, earth stabilization, storm sewer facilities,
16 railroad, electricity, natural gas, buildings, structures,
17 telecommunications infrastructure, transportation infrastructure, or
18 commercial infrastructure, and port facilities in the state of
19 Washington.

20 (4) No tax may be collected under this section before July 1, 1998.
21 No tax may be collected under this section by a county more than
22 twenty-five years after the date that a tax is first imposed under this
23 section.

24 (5) For purposes of this section, "rural county" means a county
25 with a population density of less than one hundred persons per square
26 mile as determined by the office of financial management and published
27 each year by the department for the period July 1st to June 30th.

28 **Sec. 27.** RCW 82.14.390 and 1999 c 165 s 13 are each amended to
29 read as follows:

30 (1) Except as provided in subsection (6) of this section, the
31 governing body of a public facilities district created under chapter
32 35.57 or 36.100 RCW that commences construction of a new regional
33 center, or improvement or rehabilitation of an existing new regional
34 center, before January 1, 2003, may impose a sales and use tax in
35 accordance with the terms of this chapter. The tax is in addition to
36 other taxes authorized by law and shall be collected from those persons
37 who are taxable by the state under chapters 82.08 and 82.12 RCW upon
38 the occurrence of any taxable event within the public facilities

1 district. The rate of tax shall not exceed 0.033 percent of the
2 selling price in the case of a sales tax or value of the article used
3 in the case of a use tax.

4 (2) The tax imposed under subsection (1) of this section (~~((shall be
5 deducted from the amount of tax otherwise required to be collected or
6 paid over to the department of revenue))~~) is a credit against the state
7 tax under chapter 82.08 or 82.12 RCW. The department (~~((of revenue))~~)
8 shall perform the collection of such taxes on behalf of the county at
9 no cost to the public facilities district and shall remit the tax
10 pursuant to RCW 82.14.060.

11 (3) No tax may be collected under this section before August 1,
12 2000. The tax imposed in this section shall expire when the bonds
13 issued for the construction of the regional center and related parking
14 facilities are retired, but not more than twenty-five years after the
15 tax is first collected.

16 (4) Moneys collected under this section shall only be used for the
17 purposes set forth in RCW 35.57.020 and must be matched with an amount
18 from other public or private sources equal to thirty-three percent of
19 the amount collected under this section, provided that amounts
20 generated from nonvoter approved taxes authorized under chapter 35.57
21 RCW or nonvoter approved taxes authorized under chapter 36.100 RCW
22 shall not constitute a public or private source. For the purpose of
23 this section, public or private sources includes, but is not limited to
24 cash or in-kind contributions used in all phases of the development or
25 improvement of the regional center, land that is donated and used for
26 the siting of the regional center, cash or in-kind contributions from
27 public or private foundations, or amounts attributed to private sector
28 partners as part of a public and private partnership agreement
29 negotiated by the public facilities district.

30 (5) The combined total tax levied under this section shall not be
31 greater than 0.033 percent. If both a public facilities district
32 created under chapter 35.57 RCW and a public facilities district
33 created under chapter 36.100 RCW impose a tax under this section, the
34 tax imposed by a public facilities district created under chapter 35.57
35 RCW shall be credited against the tax imposed by a public facilities
36 district created under chapter 36.100 RCW.

37 (6) A public facilities district created under chapter 36.100 RCW
38 is not eligible to impose the tax under this section if the legislative

1 authority of the county where the public facilities district is located
2 has imposed a sales and use tax under RCW 82.14.0485 or 82.14.0494.

3 **Sec. 28.** RCW 82.16.010 and 1996 c 150 s 1 are each amended to read
4 as follows:

5 The definitions in chapter 82.04 RCW apply throughout this chapter,
6 unless the context clearly requires otherwise or unless otherwise
7 provided. For the purposes of this chapter, unless otherwise required
8 by the context:

9 (1) "Railroad business" means the business of operating any
10 railroad, by whatever power operated, for public use in the conveyance
11 of persons or property for hire. It shall not, however, include any
12 business herein defined as an urban transportation business.

13 (2) "Express business" means the business of carrying property for
14 public hire on the line of any common carrier operated in this state,
15 when such common carrier is not owned or leased by the person engaging
16 in such business.

17 (3) "Railroad car business" means the business of operating stock
18 cars, furniture cars, refrigerator cars, fruit cars, poultry cars, tank
19 cars, sleeping cars, parlor cars, buffet cars, tourist cars, or any
20 other kinds of cars used for transportation of property or persons upon
21 the line of any railroad operated in this state when such railroad is
22 not owned or leased by the person engaging in such business.

23 (4) "Water distribution business" means the business of operating
24 a plant or system for the distribution of water for hire or sale.

25 (5) "Light and power business" means the business of operating a
26 plant or system for the generation, production or distribution of
27 electrical energy for hire or sale and/or for the wheeling of
28 electricity for others.

29 (6) "Telegraph business" means the business of affording
30 telegraphic communication for hire.

31 (7) "Gas distribution business" means the business of operating a
32 plant or system for the production or distribution for hire or sale of
33 gas, whether manufactured or natural.

34 (8) "Motor transportation business" means the business (except
35 urban transportation business) of operating any motor propelled vehicle
36 by which persons or property of others are conveyed for hire, and
37 includes, but is not limited to, the operation of any motor propelled
38 vehicle as an auto transportation company (except urban transportation

1 business), common carrier or contract carrier as defined by RCW
2 81.68.010 and 81.80.010: PROVIDED, That "motor transportation
3 business" shall not mean or include the transportation of logs or other
4 forest products exclusively upon private roads or private highways.

5 (9) "Urban transportation business" means the business of operating
6 any vehicle for public use in the conveyance of persons or property for
7 hire, insofar as (a) operating entirely within the corporate limits of
8 any city or town, or within five miles of the corporate limits thereof,
9 or (b) operating entirely within and between cities and towns whose
10 corporate limits are not more than five miles apart or within five
11 miles of the corporate limits of either thereof. Included herein, but
12 without limiting the scope hereof, is the business of operating
13 passenger vehicles of every type and also the business of operating
14 cartage, pickup, or delivery services, including in such services the
15 collection and distribution of property arriving from or destined to a
16 point within or without the state, whether or not such collection or
17 distribution be made by the person performing a local or interstate
18 line-haul of such property.

19 (10) "Public service business" means any of the businesses defined
20 in subdivisions (1), (2), (3), (4), (5), (6), (7), (8), and (9) or any
21 business subject to control by the state, or having the powers of
22 eminent domain and the duties incident thereto, or any business
23 hereafter declared by the legislature to be of a public service nature,
24 except telephone business as defined in RCW 82.04.065 and low-level
25 radioactive waste site operating companies as redefined in RCW
26 81.04.010. It includes, among others, without limiting the scope
27 hereof: Airplane transportation, boom, dock, ferry, pipe line, toll
28 bridge, toll logging road, water transportation and wharf businesses.

29 (11) "Tugboat business" means the business of operating tugboats,
30 towboats, wharf boats or similar vessels in the towing or pushing of
31 vessels, barges or rafts for hire.

32 (12) "Gross income" means the value proceeding or accruing from the
33 performance of the particular public service or transportation business
34 involved, including operations incidental thereto, but without any
35 deduction on account of the cost of the commodity furnished or sold,
36 the cost of materials used, labor costs, interest, discount, delivery
37 costs, taxes, or any other expense whatsoever paid or accrued and
38 without any deduction on account of losses.

1 (~~(13) The meaning attributed, in chapter 82.04 RCW, to the term~~
2 ~~"tax year," "person," "value proceeding or accruing," "business,"~~
3 ~~"engaging in business," "in this state," "within this state," "cash~~
4 ~~discount" and "successor" shall apply equally in the provisions of this~~
5 ~~chapter.)~~)

6 **Sec. 29.** RCW 82.18.060 and 1989 c 431 s 87 are each amended to
7 read as follows:

8 To prevent pyramiding and multiple taxation of a single
9 transaction, the solid waste collection taxes imposed in this chapter
10 shall not apply to any solid waste collection business using the
11 services of another solid waste collection business for the transfer,
12 storage, processing, or disposal of the waste collected during the
13 transaction.

14 To be eligible for this exemption, a ~~(person first must be~~
15 ~~certified by the department of revenue as a)~~ solid waste collection
16 business using the services of another solid waste collection business
17 must provide the business with an exemption certificate in a form and
18 manner prescribed by the department. The solid waste collection
19 business providing the services shall retain a copy of the exemption
20 certificate for its files.

21 **Sec. 30.** RCW 82.32.050 and 1997 c 157 s 1 are each amended to read
22 as follows:

23 (1) If upon examination of any returns or from other information
24 obtained by the department it appears that a tax or penalty has been
25 paid less than that properly due, the department shall assess against
26 the taxpayer such additional amount found to be due and shall add
27 thereto interest on the tax only. The department shall notify the
28 taxpayer by mail of the additional amount and the additional amount
29 shall become due and shall be paid within thirty days from the date of
30 the notice, or within such further time as the department may provide.

31 (a) For tax liabilities arising before January 1, 1992, interest
32 shall be computed at the rate of nine percent per annum from the last
33 day of the year in which the deficiency is incurred until the earlier
34 of December 31, 1998, or the date of payment. After December 31, 1998,
35 the rate of interest shall be variable and computed as provided in
36 subsection (2) of this section. The rate so computed shall be adjusted

1 on the first day of January of each year for use in computing interest
2 for that calendar year.

3 (b) For tax liabilities arising after December 31, 1991, the rate
4 of interest shall be variable and computed as provided in subsection
5 (2) of this section from the last day of the year in which the
6 deficiency is incurred until the date of payment. The rate so computed
7 shall be adjusted on the first day of January of each year for use in
8 computing interest for that calendar year.

9 (c) Interest imposed after December 31, 1998, shall be computed
10 from the last day of the month following each calendar year included in
11 a notice, and the last day of the month following the final month
12 included in a notice if not the end of a calendar year, until the due
13 date of the notice. If payment in full is not made by the due date of
14 the notice, additional interest shall be computed until the date of
15 payment. The rate of interest shall be variable and computed as
16 provided in subsection (2) of this section. The rate so computed shall
17 be adjusted on the first day of January of each year for use in
18 computing interest for that calendar year.

19 (2) For the purposes of this section, the rate of interest to be
20 charged to the taxpayer shall be an average of the federal short-term
21 rate as defined in 26 U.S.C. Sec. 1274(d) plus two percentage points.
22 The rate set for each new year shall be computed by taking an
23 arithmetical average to the nearest percentage point of the federal
24 short-term rate, compounded annually(~~(, for the months of January,~~
25 ~~April, July, and October of the immediately preceding calendar year as~~
26 ~~published by the United States secretary of the treasury)). That
27 average shall be calculated using the rates from four months: January,
28 April, and June of the calendar year immediately preceding the new
29 year, and October of the previous preceding year.~~

30 (3) No assessment or correction of an assessment for additional
31 taxes, penalties, or interest due may be made by the department more
32 than four years after the close of the tax year, except (a) against a
33 taxpayer who has not registered as required by this chapter, (b) upon
34 a showing of fraud or of misrepresentation of a material fact by the
35 taxpayer, or (c) where a taxpayer has executed a written waiver of such
36 limitation. The execution of a written waiver shall also extend the
37 period for making a refund or credit as provided in RCW 82.32.060(2).

38 (4) For the purposes of this section, "return" means any document
39 a person is required by the state of Washington to file to satisfy or

1 establish a tax or fee obligation that is administered or collected by
2 the department of revenue and that has a statutorily defined due date.

3 **Sec. 31.** RCW 82.32.060 and 1999 c 358 s 13 are each amended to
4 read as follows:

5 (1) If, upon receipt of an application by a taxpayer for a refund
6 or for an audit of the taxpayer's records, or upon an examination of
7 the returns or records of any taxpayer, it is determined by the
8 department that within the statutory period for assessment of taxes,
9 penalties, or interest prescribed by RCW 82.32.050 any amount of tax,
10 penalty, or interest has been paid in excess of that properly due, the
11 excess amount paid within, or attributable to, such period shall be
12 credited to the taxpayer's account or shall be refunded to the
13 taxpayer, at the taxpayer's option. Except as provided in
14 subsection((s)) (2) ((and (3))) of this section, no refund or credit
15 shall be made for taxes, penalties, or interest paid more than four
16 years prior to the beginning of the calendar year in which the refund
17 application is made or examination of records is completed.

18 (2) The execution of a written waiver under RCW 82.32.050 or
19 82.32.100 shall extend the time for making a refund or credit of any
20 taxes paid during, or attributable to, the years covered by the waiver
21 if, prior to the expiration of the waiver period, an application for
22 refund of such taxes is made by the taxpayer or the department
23 discovers a refund or credit is due.

24 (3) ~~((Notwithstanding the foregoing limitations there shall be
25 refunded or credited to taxpayers engaged in the performance of United
26 States government contracts or subcontracts the amount of any tax paid,
27 measured by that portion of the amounts received from the United
28 States, which the taxpayer is required by contract or applicable
29 federal statute to refund or credit to the United States, if claim for
30 such refund is filed by the taxpayer with the department within one
31 year of the date that the amount of the refund or credit due to the
32 United States is finally determined and filed within four years of the
33 date on which the tax was paid: PROVIDED, That no interest shall be
34 allowed on such refund.~~

35 (4)) Any such refunds shall be made by means of vouchers approved
36 by the department and by the issuance of state warrants drawn upon and
37 payable from such funds as the legislature may provide. However,
38 taxpayers who are required to pay taxes by electronic funds transfer

1 under RCW 82.32.080 shall have any refunds paid by electronic funds
2 transfer.

3 ~~((+5+))~~ (4) Any judgment for which a recovery is granted by any
4 court of competent jurisdiction, not appealed from, for tax, penalties,
5 and interest which were paid by the taxpayer, and costs, in a suit by
6 any taxpayer shall be paid in the same manner, as provided in
7 subsection ~~((+4+))~~ (3) of this section, upon the filing with the
8 department of a certified copy of the order or judgment of the court.

9 (a) Interest at the rate of three percent per annum shall be
10 allowed by the department and by any court on the amount of any refund,
11 credit, or other recovery allowed to a taxpayer for taxes, penalties,
12 or interest paid by the taxpayer before January 1, 1992. This rate of
13 interest shall apply for all interest allowed through December 31,
14 1998. Interest allowed after December 31, 1998, shall be computed at
15 the rate as computed under RCW 82.32.050(2). The rate so computed
16 shall be adjusted on the first day of January of each year for use in
17 computing interest for that calendar year.

18 (b) For refunds or credits of amounts paid or other recovery
19 allowed to a taxpayer after December 31, 1991, the rate of interest
20 shall be the rate as computed for assessments under RCW 82.32.050(2)
21 less one percent. This rate of interest shall apply for all interest
22 allowed through December 31, 1998. Interest allowed after December 31,
23 1998, shall be computed at the rate as computed under RCW 82.32.050(2).
24 The rate so computed shall be adjusted on the first day of January of
25 each year for use in computing interest for that calendar year.

26 **Sec. 32.** RCW 82.45.032 and 2001 c 282 s 2 are each amended to read
27 as follows:

28 Unless the context clearly requires otherwise, the definitions in
29 this section apply throughout this chapter.

30 (1) "Real estate" or "real property" means any interest, estate, or
31 beneficial interest in land or anything affixed to land, including the
32 ownership interest or beneficial interest in any entity which itself
33 owns land or anything affixed to land. The term includes used mobile
34 homes, used park model trailers, used floating homes, and improvements
35 constructed upon leased land.

36 (2) "Used mobile home" means a mobile home which has been
37 previously sold at retail and has been subjected to tax under chapter
38 82.08 RCW, or which has been previously used and has been subjected to

1 tax under chapter 82.12 RCW, and which has substantially lost its
2 identity as a mobile unit at the time of sale by virtue of its being
3 (~~fixed in location upon land owned or leased by the owner of the~~
4 ~~mobile home and placed on a foundation (posts or blocks) with fixed~~
5 ~~pipe connections with sewer, water, and other utilities~~) permanently
6 sited in location and placed on a foundation of either posts or blocks
7 with connections with sewer, water, or other utilities for the
8 operation of installed fixtures and appliances.

9 (3) "Mobile home" means a mobile home as defined by RCW 46.04.302,
10 as now or hereafter amended.

11 (4) "Park model trailer" means a park model trailer as defined in
12 RCW 46.04.622.

13 (5) "Used floating home" means a floating home in respect to which
14 tax has been paid under chapter 82.08 or 82.12 RCW.

15 (6) "Used park model trailer" means a park model trailer that has
16 been previously sold at retail and has been subjected to tax under
17 chapter 82.08 RCW, or that has been previously used and has been
18 subjected to tax under chapter 82.12 RCW, and that has substantially
19 lost its identity as a mobile unit by virtue of its being permanently
20 sited in location and placed on a foundation of either posts or blocks
21 with connections with sewer, water, or other utilities for the
22 operation of installed fixtures and appliances.

23 (7) "Floating home" means a building on a float used in whole or in
24 part for human habitation as a single-family dwelling, which is not
25 designed for self propulsion by mechanical means or for propulsion by
26 means of wind, and which is on the property tax rolls of the county in
27 which it is located.

28 **Sec. 33.** RCW 84.04.090 and 1987 c 155 s 1 are each amended to read
29 as follows:

30 The term "real property" for the purposes of taxation shall be held
31 and construed to mean and include the land itself, whether laid out in
32 town lots or otherwise, and all buildings, structures or improvements
33 or other fixtures of whatsoever kind thereon, except improvements upon
34 lands the fee of which is still vested in the United States, or in the
35 state of Washington, and all rights and privileges thereto belonging or
36 in any wise appertaining, except leases of real property and leasehold
37 interests therein for a term less than the life of the holder; and all
38 substances in and under the same; all standing timber growing thereon,

1 except standing timber owned separately from the ownership of the land
2 upon which the same may stand or be growing; and all property which the
3 law defines or the courts may interpret, declare and hold to be real
4 property under the letter, spirit, intent and meaning of the law for
5 the purposes of taxation. The term real property shall also include a
6 mobile home which has substantially lost its identity as a mobile unit
7 by virtue of its being permanently (~~((fixed in location upon land owned
8 or leased by the owner of the mobile home and placed on a permanent
9 foundation (posts or blocks) with fixed pipe connections with sewer,
10 water, or other utilities))~~ sited in location and placed on a
11 foundation of either posts or blocks with connections with sewer,
12 water, or other utilities for the operation of installed fixtures and
13 appliances: PROVIDED, That a mobile home located on land leased by the
14 owner of the mobile home shall be subject to the personal property
15 provisions of chapter 84.56 RCW and RCW 84.60.040.

16 **Sec. 34.** RCW 84.36.383 and 1999 c 358 s 18 are each amended to
17 read as follows:

18 As used in RCW 84.36.381 through 84.36.389, except where the
19 context clearly indicates a different meaning:

20 (1) The term "residence" means a single family dwelling unit
21 whether such unit be separate or part of a multiunit dwelling,
22 including the land on which such dwelling stands not to exceed one
23 acre. The term shall also include a share ownership in a cooperative
24 housing association, corporation, or partnership if the person claiming
25 exemption can establish that his or her share represents the specific
26 unit or portion of such structure in which he or she resides. The term
27 shall also include a single family dwelling situated upon lands the fee
28 of which is vested in the United States or any instrumentality thereof
29 including an Indian tribe or in the state of Washington, and
30 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a
31 residence shall be deemed real property.

32 (2) The term "real property" shall also include a mobile home which
33 has substantially lost its identity as a mobile unit by virtue of its
34 being (~~((fixed in location upon land owned or leased by the owner of the
35 mobile home and placed on a foundation (posts or blocks) with fixed
36 pipe, connections with sewer, water, or other utilities))~~ permanently
37 sited in location and placed on a foundation of either posts or blocks
38 with connections with sewer, water, or other utilities for the

1 operation of installed fixtures and appliances. A mobile home located
2 on land leased by the owner of the mobile home is subject, for tax
3 billing, payment, and collection purposes, only to the personal
4 property provisions of chapter 84.56 RCW and RCW 84.60.040.

5 (3) "Department" means the state department of revenue.

6 (4) "Combined disposable income" means the disposable income of the
7 person claiming the exemption, plus the disposable income of his or her
8 spouse, and the disposable income of each cotenant occupying the
9 residence for the assessment year, less amounts paid by the person
10 claiming the exemption or his or her spouse during the assessment year
11 for:

12 (a) Drugs supplied by prescription of a medical practitioner
13 authorized by the laws of this state or another jurisdiction to issue
14 prescriptions; and

15 (b) The treatment or care of either person received in the home or
16 in a nursing home.

17 (5) "Disposable income" means adjusted gross income as defined in
18 the federal internal revenue code, as amended prior to January 1, 1989,
19 or such subsequent date as the director may provide by rule consistent
20 with the purpose of this section, plus all of the following items to
21 the extent they are not included in or have been deducted from adjusted
22 gross income:

23 (a) Capital gains, other than gain excluded from income under
24 section 121 of the federal internal revenue code to the extent it is
25 reinvested in a new principal residence;

26 (b) Amounts deducted for loss;

27 (c) Amounts deducted for depreciation;

28 (d) Pension and annuity receipts;

29 (e) Military pay and benefits other than attendant-care and
30 medical-aid payments;

31 (f) Veterans benefits other than attendant-care and medical-aid
32 payments;

33 (g) Federal social security act and railroad retirement benefits;

34 (h) Dividend receipts; and

35 (i) Interest received on state and municipal bonds.

36 (6) "Cotenant" means a person who resides with the person claiming
37 the exemption and who has an ownership interest in the residence.

38 NEW SECTION. **Sec. 35.** Section 8 of this act expires July 1, 2003.

1 NEW SECTION. **Sec. 36.** Section 9 of this act takes effect July 1,
2 2003.

3 NEW SECTION. **Sec. 37.** Section 21 of this act applies
4 retroactively to July 1, 2001.

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