
SENATE BILL 6711

State of Washington 57th Legislature

2002 Regular Session

By Senators Thibaudeau, Fairley, Jacobsen, Kohl-Welles and Kline

Read first time 01/28/2002. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to providing the necessary revenues for the support
2 of health care for the citizens of Washington state; amending RCW
3 82.03.130, 82.03.140, 48.14.080, 82.04.4328, 82.04.260, 82.04.4289,
4 82.08.150, and 66.24.290; adding a new section to chapter 82.04 RCW;
5 adding a new title to the Revised Code of Washington to be codified as
6 Title 82A RCW; creating new sections; repealing RCW 48.14.0201,
7 82.04.220, 82.04.230, 82.04.240, 82.04.2403, 82.04.250, 82.04.255,
8 82.04.270, 82.04.280, 82.04.290, 82.04.290, 82.04.293, 82.04.297,
9 82.04.310, 82.04.312, 82.04.315, 82.04.317, 82.04.320, 82.04.322,
10 82.04.324, 82.04.327, 82.04.330, 82.04.333, 82.04.335, 82.04.337,
11 82.04.339, 82.04.3395, 82.04.340, 82.04.350, 82.04.355, 82.04.360,
12 82.04.363, 82.04.367, 82.04.368, 82.04.370, 82.04.380, 82.04.385,
13 82.04.390, 82.04.392, 82.04.395, 82.04.397, 82.04.399, 82.04.405,
14 82.04.408, 82.04.410, 82.04.415, 82.04.418, 82.04.419, 82.04.421,
15 82.04.423, 82.04.425, 82.04.4271, 82.04.4281, 82.04.4282, 82.04.4283,
16 82.04.4284, 82.04.4285, 82.04.4286, 82.04.4287, 82.04.4291, 82.04.4292,
17 82.04.4293, 82.04.4294, 82.04.4295, 82.04.4296, 82.04.4297, 82.04.4298,
18 82.04.431, 82.04.432, 82.04.4322, 82.04.4324, 82.04.4326, 82.04.4327,
19 82.04.4329, 82.04.433, 82.04.4331, 82.04.4333, 82.04.434, 82.04.440,
20 82.04.4451, 82.04.4452, 82.04.4453, 82.04.4454, 82.04.460, 82.04.480,
21 82.04.500, 82.04.510, 82.04.600, 82.04.900, 82.04.331, 82.04.332,

1 82.04.3651, 82.04.394, 82.04.416, 82.04.44525, 82.16.010, 82.16.020,
2 82.16.030, 82.16.040, 82.16.042, 82.16.047, 82.16.048, 82.16.049,
3 82.16.050, 82.16.053, 82.16.055, 82.16.060, 82.16.080, 82.16.090, and
4 82.16.046; prescribing penalties; and providing an effective date.

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

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

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

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

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

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

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

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

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

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

1 NEW SECTION. **Sec. 207.** INTERNAL REVENUE CODE. "Internal revenue
2 code" means the federal internal revenue code of 1986, as amended, as
3 existing on January 1, 2002.

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

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

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

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

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

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

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

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

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

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

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

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

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

1 **PART III**

2 **DETERMINATION OF TAX**

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

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

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

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

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

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

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

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

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

8 **PART IV**

9 **TAXABLE INCOME MODIFICATIONS**

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

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

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

- 23 (1) Taxes on or measured by net income that have been deducted
24 under the internal revenue code in computing federal base income; and
25 (2) The amount of taxes paid that are deductible for federal
26 purposes, but for which a business and occupation tax credit or public
27 utility tax credit, or both, is allowed.

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

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

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

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

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

17 NEW SECTION. **Sec. 408.** TAX RETURNS FOR FRACTIONAL YEAR. If the
18 first taxable year of a taxpayer with respect to which a tax is imposed
19 by this title ends before December 31, 2002, referred to in this
20 section as a "fractional taxable year," the taxable income for the
21 fractional taxable year must be the taxpayer's taxable income for the
22 entire taxable year, adjusted by one of the following methods, at the
23 taxpayer's election:

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

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

33 **PART V**

34 **DIVISION OF INCOME, MODIFICATIONS, AND CREDITS**

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

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

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

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

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

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

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

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

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

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

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

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

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

4 (4) As used in this section:

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

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

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

10 **PART VI**

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

12 NEW SECTION. **Sec. 601.** EMPLOYER WITHHOLDING--REQUIREMENTS. (1)
13 An employer making a payment of wages or salaries earned in this state,
14 regardless of the place where the payment is made, and who is required
15 by the internal revenue code to withhold taxes, shall deduct and
16 withhold a tax as prescribed by rules adopted by the department. The
17 rules must reasonably reflect the annual tax liability of the employee
18 under this title. An employer making the deduction and withholding
19 shall furnish to the employee a record of the amount of tax deducted
20 and withheld from the employee on forms provided by the department.

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

28 NEW SECTION. **Sec. 602.** LIABILITY OF EMPLOYER FOR TAX WITHHELD.
29 A person required to deduct and withhold the tax imposed by this title
30 is liable for the payment of the amount deducted and withheld to the
31 department, and is not liable to any other person for the amount of tax
32 deducted and withheld under this title. The amount of tax so deducted
33 and withheld must be held to be a special fund in trust for this state.

34 NEW SECTION. **Sec. 603.** WITHHOLDING BY GOVERNMENTAL ENTITY. If
35 the employer is the United States, a foreign country, or this state or

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

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

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

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

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

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

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

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

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

19 **PART VII**

20 **CRIMES**

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

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

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

32 **PART VIII**

33 **ADMINISTRATIVE PROVISIONS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29 (b) Liability of transferees; and

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

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

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

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

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

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

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

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

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

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

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

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

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

31 (2) Except as otherwise specifically provided by law hereafter, the
32 provisions of RCW 1.12.070 shall apply to all notices of appeal filed
33 with the board of tax appeals.

34 **Sec. 902.** RCW 82.03.140 and 2000 c 103 s 1 are each amended to
35 read as follows:

36 In all appeals over which the board has jurisdiction under RCW
37 82.03.130, a party taking an appeal may elect either a formal or an
38 informal hearing, such election to be made according to rules of

1 practice and procedure to be promulgated by the board: PROVIDED, That
2 nothing shall prevent the assessor or taxpayer, as a party to an appeal
3 pursuant to RCW 84.08.130, within twenty days from the date of the
4 receipt of the notice of appeal, from filing with the clerk of the
5 board notice of intention that the hearing be a formal one: PROVIDED,
6 HOWEVER, That nothing herein shall be construed to modify the
7 provisions of RCW 82.03.190: AND PROVIDED FURTHER, That upon an appeal
8 under RCW 82.03.130(1)(e), the director of revenue may, within ten days
9 from the date of its receipt of the notice of appeal, file with the
10 clerk of the board notice of its (~~intention that the hearing be held~~
11 ~~pursuant to chapter 34.05 RCW~~) election of a formal hearing. In the
12 event that appeals are taken from the same decision, order, or
13 determination, as the case may be, by different parties and only one of
14 such parties elects a formal hearing, a formal hearing shall be
15 granted.

16 **PART X**

17 **BUSINESS AND OCCUPATION TAX**

18 **Sec. 1001.** RCW 48.14.080 and 1998 c 312 s 1 are each amended to
19 read as follows:

20 As to insurers, other than title insurers and taxpayers under RCW
21 48.14.0201, the taxes imposed by this title shall be in lieu of all
22 other taxes, except taxes on real and tangible personal property,
23 excise taxes on the sale, purchase, or use of such property(~~, and the~~
24 ~~tax imposed in RCW 82.04.260(12))~~).

25 **Sec. 1002.** RCW 82.04.4328 and 1985 c 471 s 7 are each amended to
26 read as follows:

27 (1) For the purposes of RCW (~~(82.04.4322, 82.04.4324, 82.04.4326,~~
28 ~~82.04.4327,))~~ 82.08.031(~~(7)~~) and 82.12.031, the term "artistic or
29 cultural organization" means an organization which is organized and
30 operated exclusively for the purpose of providing artistic or cultural
31 exhibitions, presentations, or performances or cultural or art
32 education programs, as defined in subsection (2) of this section, for
33 viewing or attendance by the general public. The organization must be
34 a not-for-profit corporation under chapter 24.03 RCW and managed by a
35 governing board of not less than eight individuals none of whom is a
36 paid employee of the organization or by a corporation sole under

1 chapter 24.12 RCW. In addition, to qualify for deduction or exemption
2 from taxation under RCW ((82.04.4322, ~~82.04.4324,~~ ~~82.04.4326,~~
3 ~~82.04.4327,~~) 82.08.031((~~7~~)) and 82.12.031, the corporation shall
4 satisfy the following conditions:

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

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

12 (c) Assets of the corporation must be irrevocably dedicated to the
13 activities for which the exemption is granted and, on the liquidation,
14 dissolution, or abandonment by the corporation, may not inure directly
15 or indirectly to the benefit of any member or individual except a
16 nonprofit organization, association, or corporation which also would be
17 entitled to the exemption;

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

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

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

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

26 (2) The term "artistic or cultural exhibitions, presentations, or
27 performances or cultural or art education programs" includes and is
28 limited to:

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

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

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

36 **Sec. 1003.** RCW 82.04.260 and 2001 2nd sp.s. c 25 s 2 are each
37 amended to read as follows:

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

3 (a) Wheat into flour, barley into pearl barley, soybeans into
4 soybean oil, canola into canola oil, canola meal, or canola byproducts,
5 or sunflower seeds into sunflower oil; as to such persons the amount of
6 tax with respect to such business shall be equal to the value of the
7 flour, pearl barley, oil, canola meal, or canola byproduct
8 manufactured, multiplied by the rate of 0.138 percent;

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

14 (c) By canning, preserving, freezing, processing, or dehydrating
15 fresh fruits and vegetables, or selling at wholesale fresh fruits and
16 vegetables canned, preserved, frozen, processed, or dehydrated by the
17 seller and sold to purchasers who transport in the ordinary course of
18 business the goods out of this state; as to such persons the amount of
19 tax with respect to such business shall be equal to the value of the
20 products canned, preserved, frozen, processed, or dehydrated multiplied
21 by the rate of 0.138 percent. As proof of sale to a person who
22 transports in the ordinary course of business goods out of this state,
23 the seller shall annually provide a statement in a form prescribed by
24 the department and retain the statement as a business record; and

25 (d) Dairy products that as of September 20, 2001, are identified in
26 21 C.F.R., chapter 1, parts 131, 133, and 135, including byproducts
27 from the manufacturing of the dairy products such as whey and casein;
28 or selling the same to purchasers who transport in the ordinary course
29 of business the goods out of state; as to such persons the tax imposed
30 shall be equal to the value of the products manufactured multiplied by
31 the rate of 0.138 percent. As proof of sale to a person who transports
32 in the ordinary course of business goods out of this state, the seller
33 shall annually provide a statement in a form prescribed by the
34 department and retain the statement as a business record.

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

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

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

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

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

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

25 (8) Upon every person engaging within this state in business as an
26 international steamship agent, international customs house broker,
27 international freight forwarder, vessel and/or cargo charter broker in
28 foreign commerce, and/or international air cargo agent; as to such
29 persons the amount of the tax with respect to only international
30 activities shall be equal to the gross income derived from such
31 activities multiplied by the rate of 0.275 percent.

32 (9) Upon every person engaging within this state in the business of
33 stevedoring and associated activities pertinent to the movement of
34 goods and commodities in waterborne interstate or foreign commerce; as
35 to such persons the amount of tax with respect to such business shall
36 be equal to the gross proceeds derived from such activities multiplied
37 by the rate of 0.275 percent. (~~Persons subject to taxation under this~~
38 ~~subsection shall be exempt from payment of taxes imposed by chapter~~
39 ~~82.16 RCW for that portion of their business subject to taxation under~~

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

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

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

32 (11) Upon every person engaging within this state as an insurance
33 agent, insurance broker, or insurance solicitor licensed under chapter
34 48.17 RCW; as to such persons, the amount of the tax with respect to
35 such licensed activities shall be equal to the gross income of such
36 business multiplied by the rate of 0.484 percent.

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

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

7 **Sec. 1004.** RCW 82.04.4289 and 1998 c 325 s 1 are each amended to
8 read as follows:

9 This chapter does not apply to amounts derived as compensation for
10 services rendered to patients or from sales of prescription drugs as
11 defined in RCW 82.08.0281 furnished as an integral part of services
12 rendered to patients by a hospital, as defined in chapter 70.41 RCW,
13 that is operated as a nonprofit corporation, a kidney dialysis facility
14 operated as a nonprofit corporation, whether or not operated in
15 connection with a hospital, a nonprofit hospice agency licensed under
16 chapter 70.127 RCW, and nursing homes and homes for unwed mothers
17 operated as religious or charitable organizations, but only if no part
18 of the net earnings received by such an institution inures directly or
19 indirectly, to any person other than the institution entitled to
20 deduction ((hereunder)) under this section. The deduction is not
21 allowed unless the hospital building is entitled to exemption from
22 taxation under the property tax laws of this state.

23 NEW SECTION. **Sec. 1005.** A new section is added to chapter 82.04
24 RCW to read as follows:

25 This chapter does not apply to amounts derived as compensation for
26 services rendered or to be rendered to patients or from sales of
27 prescription drugs as defined in RCW 82.08.0281 furnished as an
28 integral part of services rendered to patients by a hospital, as
29 defined in chapter 70.41 RCW, devoted to the care of human beings with
30 respect to the prevention or treatment of disease, sickness, or
31 suffering, when such hospital is operated by the United States or any
32 of its instrumentalities, or by the state, or any of its political
33 subdivisions.

34 **PART XI**
35 **TAX ON SPIRITS**

1 **Sec. 1101.** RCW 82.08.150 and 1998 c 126 s 16 are each amended to
2 read as follows:

3 (1) There is levied and shall be collected a tax upon each retail
4 sale of spirits, or strong beer in the original package at the rate of
5 fifteen percent of the selling price. The tax imposed in this
6 subsection shall apply to all such sales including sales by the
7 Washington state liquor stores and agencies, but excluding sales to
8 spirits, beer, and wine restaurant licensees.

9 (2) There is levied and shall be collected a tax upon each sale of
10 spirits, or strong beer in the original package at the rate of ten
11 percent of the selling price on sales by Washington state liquor stores
12 and agencies to spirits, beer, and wine restaurant licensees.

13 (3) There is levied and shall be collected an additional tax upon
14 each retail sale of spirits in the original package at the rate of one
15 dollar and seventy-two cents per liter. The additional tax imposed in
16 this subsection shall apply to all such sales including sales by
17 Washington state liquor stores and agencies, and including sales to
18 spirits, beer, and wine restaurant licensees.

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

22 (5) An additional tax is imposed upon each retail sale of spirits
23 in the original package at the rate of seven cents per liter. The
24 additional tax imposed in this subsection shall apply to all such sales
25 including sales by Washington state liquor stores and agencies, and
26 including sales to spirits, beer, and wine restaurant licensees. All
27 revenues collected during any month from this additional tax shall be
28 deposited in the violence reduction and drug enforcement account under
29 RCW 69.50.520 by the twenty-fifth day of the following month.

30 ~~(6)((a) An additional tax is imposed upon retail sale of spirits~~
31 ~~in the original package at the rate of one and seven tenths percent of~~
32 ~~the selling price through June 30, 1995, two and six tenths percent of~~
33 ~~the selling price for the period July 1, 1995, through June 30, 1997,~~
34 ~~and three and four tenths of the selling price thereafter. This~~
35 ~~additional tax applies to all such sales including sales by Washington~~
36 ~~state liquor stores and agencies, but excluding sales to spirits, beer,~~
37 ~~and wine restaurant licensees.~~

38 ~~(b) An additional tax is imposed upon retail sale of spirits in the~~
39 ~~original package at the rate of one and one tenth percent of the~~

1 ~~selling price through June 30, 1995, one and seven tenths percent of~~
2 ~~the selling price for the period July 1, 1995, through June 30, 1997,~~
3 ~~and two and three tenths of the selling price thereafter. This~~
4 ~~additional tax applies to all such sales to spirits, beer, and wine~~
5 ~~restaurant licensees.~~

6 ~~(c) An additional tax is imposed upon each retail sale of spirits~~
7 ~~in the original package at the rate of twenty cents per liter through~~
8 ~~June 30, 1995, thirty cents per liter for the period July 1, 1995,~~
9 ~~through June 30, 1997, and forty one cents per liter thereafter. This~~
10 ~~additional tax applies to all such sales including sales by Washington~~
11 ~~state liquor stores and agencies, and including sales to spirits, beer,~~
12 ~~and wine restaurant licensees.~~

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

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

19 ~~((8))~~ (7) The taxes imposed in this section shall be paid by the
20 buyer to the seller, and each seller shall collect from the buyer the
21 full amount of the tax payable in respect to each taxable sale under
22 this section. The taxes required by this section to be collected by
23 the seller shall be stated separately from the selling price and for
24 purposes of determining the tax due from the buyer to the seller, it
25 shall be conclusively presumed that the selling price quoted in any
26 price list does not include the taxes imposed by this section.

27 ~~((9))~~ (8) As used in this section, the terms, "spirits," "strong
28 beer," and "package" shall have the meaning ascribed to them in chapter
29 66.04 RCW.

30 **PART XII**
31 **TAX ON BEER**

32 **Sec. 1201.** RCW 66.24.290 and 1999 c 281 s 14 are each amended to
33 read as follows:

34 (1) Any microbrewer or domestic brewery or beer distributor
35 licensed under this title may sell and deliver beer to holders of
36 authorized licenses direct, but to no other person, other than the
37 board; and every such brewery or beer distributor shall report all

1 sales to the board monthly, pursuant to the regulations, and shall pay
2 to the board as an added tax for the privilege of manufacturing and
3 selling the beer within the state a tax of one dollar and thirty cents
4 per barrel of thirty-one gallons on sales to licensees within the state
5 and on sales to licensees within the state of bottled and canned beer
6 shall pay a tax computed in gallons at the rate of one dollar and
7 thirty cents per barrel of thirty-one gallons. Any brewery or beer
8 distributor whose applicable tax payment is not postmarked by the
9 twentieth day following the month of sale will be assessed a penalty at
10 the rate of two percent per month or fraction thereof. Beer shall be
11 sold by breweries and distributors in sealed barrels or packages. The
12 moneys collected under this subsection shall be distributed as follows:
13 (a) Three-tenths of a percent shall be distributed to border areas
14 under RCW 66.08.195; and (b) of the remaining moneys: (i) Twenty
15 percent shall be distributed to counties in the same manner as under
16 RCW 66.08.200; and (ii) eighty percent shall be distributed to
17 incorporated cities and towns in the same manner as under RCW
18 66.08.210.

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

25 ~~(3)((a) An additional tax is imposed on all beer subject to tax~~
26 ~~under subsection (1) of this section. The additional tax is equal to~~
27 ~~ninety six cents per barrel of thirty one gallons through June 30,~~
28 ~~1995, two dollars and thirty nine cents per barrel of thirty one~~
29 ~~gallons for the period July 1, 1995, through June 30, 1997, and four~~
30 ~~dollars and seventy eight cents per barrel of thirty one gallons~~
31 ~~thereafter.~~

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

1 (4) RCW 82.04.240 (Tax on manufacturers) and 1998 c 312 s 3, 1993
2 sp.s. c 25 s 102, 1981 c 172 s 1, 1979 ex.s. c 196 s 1, 1971 ex.s. c
3 281 s 3, 1969 ex.s. c 262 s 34, 1967 ex.s. c 149 s 8, 1965 ex.s. c 173
4 s 5, & 1961 c 15 s 82.04.240;

5 (5) RCW 82.04.2403 (Manufacturer tax not applicable to cleaning
6 fish) and 1994 c 167 s 1;

7 (6) RCW 82.04.250 (Tax on retailers) and 1998 c 343 s 5, 1998 c 312
8 s 4, 1993 sp.s. c 25 s 103, 1981 c 172 s 2, 1971 ex.s. c 281 s 4, 1971
9 ex.s. c 186 s 2, 1969 ex.s. c 262 s 35, 1967 ex.s. c 149 s 9, & 1961 c
10 15 s 82.04.250;

11 (7) RCW 82.04.255 (Tax on real estate brokers) and 1997 c 7 s 1,
12 1996 c 1 s 1, 1993 sp.s. c 25 s 202, 1985 c 32 s 2, 1983 2nd ex.s. c 3
13 s 1, 1983 c 9 s 1, & 1970 ex.s. c 65 s 3;

14 (8) RCW 82.04.270 (Tax on wholesalers) and 2001 1st sp.s. c 9 s 3
15 & 1999 c 358 s 2;

16 (9) RCW 82.04.280 (Tax on printers, publishers, highway
17 contractors, extracting or processing for hire, cold storage warehouse
18 or storage warehouse operation, insurance general agents, radio and
19 television broadcasting, government contractors--Cold storage warehouse
20 defined--Storage warehouse defined--Periodical or magazine defined) and
21 1998 c 343 s 3, 1994 c 112 s 1, 1993 sp.s. c 25 s 303, 1993 sp.s. c 25
22 s 106, 1986 c 226 s 2, 1983 c 132 s 1, 1975 1st ex.s. c 90 s 3, 1971
23 ex.s. c 299 s 5, 1971 ex.s. c 281 s 7, & 1970 ex.s. c 8 s 2;

24 (10) RCW 82.04.290 (Tax on international investment management
25 services or other business or service activities.) and 2001 1st sp.s.
26 c 9 s 5;

27 (11) RCW 82.04.290 (Tax on international investment management
28 services or other business or service activities.) and 2001 1st sp.s.
29 c 9 s 6;

30 (12) RCW 82.04.293 (International investment management services--
31 Definitions) and 1997 c 7 s 3 & 1995 c 229 s 1;

32 (13) RCW 82.04.297 (Internet services--Definitions) and 2000 c 103
33 s 5 & 1997 c 304 s 4;

34 (14) RCW 82.04.310 (Exemptions--Public utilities--Electrical
35 energy) and 2000 c 245 s 2, 1989 c 302 s 202, & 1961 c 15 s 82.04.310;

36 (15) RCW 82.04.312 (Exemptions--Water services supplied by small
37 water-sewer districts, irrigation districts, or systems--Rate averaging
38 by department of health.) and 1998 c 316 s 1 & 1997 c 407 s 2;

1 (16) RCW 82.04.315 (Exemptions--International banking facilities)
2 and 1982 c 95 s 7;

3 (17) RCW 82.04.317 (Exemptions--Motor vehicle sales by
4 manufacturers at wholesale auctions to dealers) and 1997 c 4 s 1;

5 (18) RCW 82.04.320 (Exemptions--Insurance business) and 1961 c 15
6 s 82.04.320;

7 (19) RCW 82.04.322 (Exemptions--Health maintenance organization,
8 health care service contractor, certified health plan) and 1993 c 492
9 s 303;

10 (20) RCW 82.04.324 (Exemptions--Blood, bone, or tissue bank--
11 Exceptions) and 1995 2nd sp.s. c 9 s 3;

12 (21) RCW 82.04.327 (Exemptions--Adult family homes) and 1987 1st
13 ex.s. c 4 s 1;

14 (22) RCW 82.04.330 (Exemptions--Sales of agricultural products) and
15 2001 c 118 s 3, 1993 sp.s. c 25 s 305, 1988 c 253 s 2, & 1987 c 23 s 4;

16 (23) RCW 82.04.333 (Exemptions--Small harvesters) and 1990 c 141 s
17 1;

18 (24) RCW 82.04.335 (Exemptions--Agricultural fairs) and 1965 ex.s.
19 c 145 s 1;

20 (25) RCW 82.04.337 (Exemptions--Amounts received by hop growers or
21 dealers for processed hops shipped outside the state) and 1987 c 495 s
22 1;

23 (26) RCW 82.04.339 (Exemptions--Day care provided by churches) and
24 1992 c 81 s 1;

25 (27) RCW 82.04.3395 (Exemptions--Child care resource and referral
26 services by nonprofit organizations) and 1995 2nd sp.s. c 11 s 3;

27 (28) RCW 82.04.340 (Exemptions--Boxing, sparring, or wrestling
28 matches) and 2000 c 103 s 6, 1988 c 19 s 4, & 1961 c 15 s 82.04.340;

29 (29) RCW 82.04.350 (Exemptions--Racing) and 1961 c 15 s 82.04.350;

30 (30) RCW 82.04.355 (Exemptions--Ride sharing) and 1999 c 358 s 8 &
31 1979 c 111 s 17;

32 (31) RCW 82.04.360 (Exemptions--Employees--Independent
33 contractors--Booth renters) and 1991 c 324 s 19, 1991 c 275 s 2, & 1961
34 c 15 s 82.04.360;

35 (32) RCW 82.04.363 (Exemptions--Camp or conference center--Items
36 sold or furnished by nonprofit organization) and 1997 c 388 s 1;

37 (33) RCW 82.04.367 (Exemptions--Nonprofit organizations that are
38 guarantee agencies, issue debt, or provide guarantees for student
39 loans) and 1998 c 324 s 1 & 1987 c 433 s 1;

1 (34) RCW 82.04.368 (Exemptions--Nonprofit organizations--Credit and
2 debt services) and 1993 c 390 s 1;
3 (35) RCW 82.04.370 (Exemptions--Certain fraternal and beneficiary
4 organizations) and 1961 c 293 s 4 & 1961 c 15 s 82.04.370;
5 (36) RCW 82.04.380 (Exemptions--Certain corporations furnishing aid
6 and relief) and 1961 c 15 s 82.04.380;
7 (37) RCW 82.04.385 (Exemptions--Operation of sheltered workshops)
8 and 1988 c 176 s 915, 1988 c 13 s 1, 1972 ex.s. c 134 s 1, & 1970 ex.s.
9 c 81 s 3;
10 (38) RCW 82.04.390 (Exemptions--Amounts derived from sale of real
11 estate) and 1961 c 15 s 82.04.390;
12 (39) RCW 82.04.392 (Exemptions--Mortgage brokers' third-party
13 provider services trust accounts) and 1998 c 311 s 3 & 1997 c 106 s 21;
14 (40) RCW 82.04.395 (Exemptions--Certain materials printed in school
15 district and educational service district printing facilities) and 1979
16 ex.s. c 196 s 12;
17 (41) RCW 82.04.397 (Exemptions--Certain materials printed in
18 county, city, or town printing facilities) and 1979 ex.s. c 196 s 14;
19 (42) RCW 82.04.399 (Exemptions--Sales of academic transcripts) and
20 1996 c 272 s 1;
21 (43) RCW 82.04.405 (Exemptions--Credit unions) and 1998 c 311 s 4
22 & 1970 ex.s. c 101 s 3;
23 (44) RCW 82.04.408 (Exemptions--Housing finance commission) and
24 1983 c 161 s 25;
25 (45) RCW 82.04.410 (Exemptions--Hatching eggs and poultry) and 1967
26 ex.s. c 149 s 15 & 1961 c 15 s 82.04.410;
27 (46) RCW 82.04.415 (Exemptions--Sand, gravel and rock taken from
28 county or city pits or quarries, processing and handling costs) and
29 1965 ex.s. c 173 s 10;
30 (47) RCW 82.04.418 (Exemptions--Grants by United States government
31 to municipal corporations or political subdivisions) and 1983 1st ex.s.
32 c 66 s 2;
33 (48) RCW 82.04.419 (Exemptions--County, city, town, school
34 district, or fire district activity) and 1983 1st ex.s. c 66 s 3;
35 (49) RCW 82.04.421 (Exemptions--Out-of-state membership sales in
36 discount programs) and 1997 c 408 s 1;
37 (50) RCW 82.04.423 (Exemptions--Sales by certain out-of-state
38 persons to or through direct seller's representatives) and 1983 1st
39 ex.s. c 66 s 5;

1 (51) RCW 82.04.425 (Exemptions--Accommodation sales) and 1980 c 37
2 s 78, 1965 ex.s. c 173 s 9, & 1961 c 15 s 82.04.425;

3 (52) RCW 82.04.4271 (Deductions--Membership fees and certain
4 service fees by nonprofit youth organization) and 1981 c 74 s 1;

5 (53) RCW 82.04.4281 (Deductions--Investments--Dividends from
6 subsidiary corporations) and 1980 c 37 s 2;

7 (54) RCW 82.04.4282 (Deductions--Fees, dues, charges) and 1994 c
8 124 s 3, 1989 c 392 s 1, & 1980 c 37 s 3;

9 (55) RCW 82.04.4283 (Deductions--Cash discount taken by purchaser)
10 and 1980 c 37 s 4;

11 (56) RCW 82.04.4284 (Deductions--Credit losses of accrual basis
12 taxpayers) and 1980 c 37 s 5;

13 (57) RCW 82.04.4285 (Deductions--Motor vehicle fuel and special
14 fuel taxes) and 1998 c 176 s 3 & 1980 c 37 s 6;

15 (58) RCW 82.04.4286 (Deductions--Nontaxable business) and 1980 c 37
16 s 7;

17 (59) RCW 82.04.4287 (Deductions--Compensation for receiving,
18 washing, etc., horticultural products for person exempt under RCW
19 82.04.330--Materials and supplies used) and 1980 c 37 s 8;

20 (60) RCW 82.04.4291 (Deductions--Compensation received by a
21 political subdivision from another political subdivision for services
22 taxable under RCW 82.04.290) and 1980 c 37 s 11;

23 (61) RCW 82.04.4292 (Deductions--Interest on investments or loans
24 secured by mortgages or deeds of trust) and 1980 c 37 s 12;

25 (62) RCW 82.04.4293 (Deductions--Interest on obligations of the
26 state, its political subdivisions, and municipal corporations) and 1980
27 c 37 s 13;

28 (63) RCW 82.04.4294 (Deductions--Interest on loans to farmers and
29 ranchers, producers or harvesters of aquatic products, or their
30 cooperatives) and 1980 c 37 s 14;

31 (64) RCW 82.04.4295 (Deductions--Manufacturing activities completed
32 outside the United States) and 1980 c 37 s 15;

33 (65) RCW 82.04.4296 (Deductions--Reimbursement for accommodation
34 expenditures by funeral homes) and 1980 c 37 s 16;

35 (66) RCW 82.04.4297 (Deductions--Compensation from public entities
36 for health or social welfare services--Exception) and 2001 2nd sp.s. c
37 23 s 2, 1988 c 67 s 1, & 1980 c 37 s 17;

1 (67) RCW 82.04.4298 (Deductions--Repair, maintenance, replacement,
2 etc., of residential structures and commonly held property--Eligible
3 organizations) and 1980 c 37 s 18;

4 (68) RCW 82.04.431 ("Health or social welfare organization" defined
5 for RCW 82.04.4297--Conditions for exemption--"Health or social welfare
6 services" defined) and 1986 c 261 s 6, 1985 c 431 s 3, 1983 1st ex.s.
7 c 66 s 1, 1980 c 37 s 80, & 1979 ex.s. c 196 s 6;

8 (69) RCW 82.04.432 (Deductions--Municipal sewer service fees or
9 charges) and 1967 ex.s. c 149 s 17;

10 (70) RCW 82.04.4322 (Deductions--Artistic or cultural
11 organization--Compensation from United States, state, etc., for
12 artistic or cultural exhibitions, performances, or programs) and 1981
13 c 140 s 1;

14 (71) RCW 82.04.4324 (Deductions--Artistic or cultural
15 organization--Deduction for tax under RCW 82.04.240--Value of articles
16 for use in displaying art objects or presenting artistic or cultural
17 exhibitions, performances, or programs) and 1981 c 140 s 2;

18 (72) RCW 82.04.4326 (Deductions--Artistic or cultural
19 organizations--Tuition charges for attending artistic or cultural
20 education programs) and 1981 c 140 s 3;

21 (73) RCW 82.04.4327 (Deductions--Artistic and cultural
22 organizations--Income from business activities) and 1985 c 471 s 6;

23 (74) RCW 82.04.4329 (Deductions--Health insurance pool members--
24 Deficit assessments) and 1987 c 431 s 24;

25 (75) RCW 82.04.433 (Deductions--Sales of fuel for consumption
26 outside United States' waters by vessels in foreign commerce--
27 Construction) and 1985 c 471 s 16;

28 (76) RCW 82.04.4331 (Deductions--Insurance claims for state health
29 care coverage) and 1988 c 107 s 33;

30 (77) RCW 82.04.4333 (Credit--Job training services--Approval) and
31 1996 c 1 s 4;

32 (78) RCW 82.04.434 (Credit--Public safety standards and testing)
33 and 1991 c 13 s 1;

34 (79) RCW 82.04.440 (Persons taxable on multiple activities--
35 Credits) and 1998 c 312 s 9, 1994 c 124 s 4, 1987 2nd ex.s. c 3 s 2,
36 1985 c 190 s 1, 1981 c 172 s 5, 1967 ex.s. c 149 s 16, 1965 ex.s. c 173
37 s 12, & 1961 c 15 s 82.04.440;

38 (80) RCW 82.04.4451 (Credit against tax due--Maximum credit--Table)
39 and 1997 c 238 s 2 & 1994 sp.s. c 2 s 1;

1 (81) RCW 82.04.4452 (Credit--Research and development spending--
2 Assessment report.) and 2000 c 103 s 7, 1997 c 7 s 4, & 1994 sp.s. c 5
3 s 2;

4 (82) RCW 82.04.4453 (Credit--Ride-sharing, public transportation,
5 or nonmotorized commuting incentives--Penalty--Report to legislature)
6 and 1999 c 402 s 1, 1996 c 128 s 1, & 1994 c 270 s 2;

7 (83) RCW 82.04.4454 (Credit--Ride-sharing, public transportation,
8 or nonmotorized commuting incentives--Ceiling) and 1999 c 402 s 3, 1996
9 c 128 s 2, & 1994 c 270 s 3;

10 (84) RCW 82.04.460 (Business within and without state--
11 Apportionment) and 1985 c 7 s 154, 1983 2nd ex.s. c 3 s 28, 1975 1st
12 ex.s. c 291 s 9, & 1961 c 15 s 82.04.460;

13 (85) RCW 82.04.480 (Sales in own name--Sales as agent) and 1975 1st
14 ex.s. c 278 s 44 & 1961 c 15 s 82.04.480;

15 (86) RCW 82.04.500 (Tax part of operating overhead) and 1961 c 15
16 s 82.04.500;

17 (87) RCW 82.04.510 (General administrative provisions invoked) and
18 1961 c 15 s 82.04.510;

19 (88) RCW 82.04.600 (Exemptions--Materials printed in county, city,
20 town, school district, educational service district, library or library
21 district) and 1979 ex.s. c 266 s 8;

22 (89) RCW 82.04.900 (Construction--1961 c 15) and 1961 c 15 s
23 82.04.900;

24 (90) RCW 82.04.331 (Exemptions--Wholesale sales to farmers of seed
25 for planting, conditioning seed for planting owned by others) and 1998
26 c 170 s 2;

27 (91) RCW 82.04.332 (Exemptions--Buying and selling at wholesale
28 wheat, oats, dry peas, dry beans, lentils, triticale, canola, corn,
29 rye, and barley) and 1998 c 312 s 2;

30 (92) RCW 82.04.3651 (Exemptions--Amounts received by nonprofit
31 organizations for fund-raising activities) and 1999 c 358 s 3 & 1998 c
32 336 s 2;

33 (93) RCW 82.04.394 (Exemptions--Amounts received by property
34 management company for on-site personnel) and 1998 c 338 s 2;

35 (94) RCW 82.04.416 (Exemptions--Operation of state route No. 16)
36 and 1998 c 179 s 3;

37 (95) RCW 82.04.44525 (Credit--New employment for international
38 service activities in eligible areas--Designation of census tracts for

1 eligibility--Records--Tax due upon ineligibility--Interest assessment--
2 Information from employment security department) and 1998 c 313 s 2;
3 (96) RCW 82.16.010 (Definitions) and 1996 c 150 s 1, 1994 c 163 s
4 4, 1991 c 272 s 14, & 1989 c 302 s 203;
5 (97) RCW 82.16.020 (Public utility tax imposed--Additional tax
6 imposed--Deposit of moneys) and 1996 c 150 s 2, 1989 c 302 s 204, 1986
7 c 282 s 14, 1985 c 471 s 10, 1983 2nd ex.s. c 3 s 13, 1982 2nd ex.s. c
8 5 s 1, 1982 1st ex.s. c 35 s 5, 1971 ex.s. c 299 s 12, 1967 ex.s. c 149
9 s 24, 1965 ex.s. c 173 s 21, 1961 c 293 s 13, & 1961 c 15 s 82.16.020;
10 (98) RCW 82.16.030 (Taxable under each schedule if within its
11 purview) and 1989 c 302 s 205, 1982 1st ex.s. c 35 s 6, & 1961 c 15 s
12 82.16.030;
13 (99) RCW 82.16.040 (Exemption) and 1996 c 111 s 4 & 1961 c 15 s
14 82.16.040;
15 (100) RCW 82.16.042 (Exemptions--Water services supplied by small
16 water-sewer districts, irrigation districts, or systems.) and 1998 c
17 316 s 2 & 1997 c 407 s 3;
18 (101) RCW 82.16.047 (Exemptions--Ride sharing) and 1999 c 358 s 12
19 & 1979 c 111 s 18;
20 (102) RCW 82.16.048 (Credit--Ride-sharing, public transportation,
21 or nonmotorized commuting incentives--Penalty--Report to legislature)
22 and 1999 c 402 s 2, 1996 c 128 s 3, & 1994 c 270 s 4;
23 (103) RCW 82.16.049 (Credit--Ride-sharing, public transportation,
24 or nonmotorized commuting incentives--Ceiling) and 1999 c 402 s 4, 1996
25 c 128 s 4, & 1994 c 270 s 5;
26 (104) RCW 82.16.050 (Deductions in computing tax) and 2000 c 245 s
27 1, 1994 c 124 s 12, 1989 c 302 s 103, 1987 c 207 s 1, 1982 2nd ex.s. c
28 9 s 3, 1977 ex.s. c 368 s 1, 1967 ex.s. c 149 s 25, 1965 ex.s. c 173 s
29 22, & 1961 c 15 s 82.16.050;
30 (105) RCW 82.16.053 (Deductions in computing tax--Light and power
31 businesses) and 1996 c 145 s 1 & 1994 c 236 s 1;
32 (106) RCW 82.16.055 (Deductions relating to energy conservation or
33 production from renewable resources) and 1980 c 149 s 3;
34 (107) RCW 82.16.060 (May be taxed under other chapters) and 1961 c
35 15 s 82.16.060;
36 (108) RCW 82.16.080 (Administration) and 1961 c 15 s 82.16.080;
37 (109) RCW 82.16.090 (Light or power and gas distribution
38 businesses--Information required on customer billings) and 1988 c 228
39 s 1; and

1 (110) RCW 82.16.046 (Exemptions--Operation of state route No. 16)
2 and 1998 c 179 s 5.

3 **PART XIV**

4 **CONSTRUCTION--CODIFICATION--EFFECTIVE DATE**

5 NEW SECTION. **Sec. 1401.** SAVINGS. This act does not terminate, or
6 in any way modify, any obligation or any liability, civil or criminal,
7 that was already in existence on the effective date of this section.

8 NEW SECTION. **Sec. 1402.** SEVERABILITY. If any provision of this
9 act or its application to any person or circumstance is held invalid,
10 the remainder of the act or the application of the provision to other
11 persons or circumstances is not affected.

12 NEW SECTION. **Sec. 1403.** CODIFICATION. (1) Sections 101 through
13 809 of this act constitute a new title in the Revised Code of
14 Washington, to be codified as Title 82A RCW.

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

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

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

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

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

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

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

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

31 NEW SECTION. **Sec. 1404.** PART HEADINGS AND CAPTIONS. Part
32 headings and captions used in this act are not any part of the law.

1 NEW SECTION. **Sec. 1405.** EFFECTIVE DATE. This act takes effect
2 January 1, 2003.

--- END ---