

ESB 5517 - H COMM AMD  
By Committee on Finance

1 Strike everything after the enacting clause and insert the  
2 following:

3 "Sec. 1. RCW 82.04.260 and 2001 2nd sp.s. c 25 s 2 are each  
4 amended to read as follows:

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

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

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

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

29 (d) Dairy products that as of September 20, 2001, are identified in  
30 21 C.F.R., chapter 1, parts 131, 133, and 135, including byproducts

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

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

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

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

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

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

32 (7) Upon every person engaging within this state in the business of  
33 acting as a travel agent or tour operator; as to such persons the  
34 amount of the tax with respect to such activities shall be equal to the  
35 gross income derived from such activities multiplied by the rate of  
36 0.275 percent. If the activities are conducted both within and without  
37 this state, the amount of tax on such person shall be equal to the

1 apportioned gross income of the business multiplied by the rate of .275  
2 percent. The apportioned gross income shall be calculated by  
3 multiplying the apportionable income by a fraction, the numerator of  
4 which is the sum of the property factor, if any, the payroll factor, if  
5 any, and the sales factor, if any, and the denominator of which is  
6 three reduced by the number of factors that have a denominator of zero.  
7 The apportionment factors shall be calculated according to rules  
8 adopted by the department consistent with, but are not required to be  
9 identical to, the principles and concepts contained in chapter 82.56  
10 RCW. The department shall work with affected industries to determine  
11 the appropriate methods for each factor in the apportionment formula,  
12 and may adopt a different apportionment formula for travel agents than  
13 for tour operators. If the provisions of this section do not fairly  
14 represent the extent of the taxpayer's business activity in this state,  
15 the taxpayer may petition or the department may require the use of an  
16 alternative apportionment method, if reasonable, such as separate  
17 accounting, the exclusion of any one or more of the factors, or the  
18 inclusion of one or more additional factors. As used in this section,  
19 "apportionable income" means the gross income of the taxpayer, less  
20 applicable exemptions and deductions allowable under this chapter.

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

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

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

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

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

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

35 (12) Upon every person engaging within this state in business as a  
36 hospital, as defined in chapter 70.41 RCW, that is operated as a  
37 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."

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