

SB 5517 - S AMD 204

By Senator B. Sheldon

ADOPTED 03/16/2003

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

1 (d) Dairy products that as of September 20, 2001, are identified in
2 21 C.F.R., chapter 1, parts 131, 133, and 135, including byproducts
3 from the manufacturing of the dairy products such as whey and casein;
4 or selling the same to purchasers who transport in the ordinary course
5 of business the goods out of state; as to such persons the tax imposed
6 shall be equal to the value of the products manufactured multiplied by
7 the rate of 0.138 percent. As proof of sale to a person who transports
8 in the ordinary course of business goods out of this state, the seller
9 shall annually provide a statement in a form prescribed by the
10 department and retain the statement as a business record.

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

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

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

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

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

34 (7) Upon every person engaging within this state in the business of
35 acting as a travel agent or tour operator; as to such persons the
36 amount of the tax with respect to such activities shall be equal to the
37 gross income derived from such activities multiplied by the rate of
38 0.275 percent. If the activities are conducted both within and without

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

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

26 (9) Upon every person engaging within this state in the business of
27 stevedoring and associated activities pertinent to the movement of
28 goods and commodities in waterborne interstate or foreign commerce; as
29 to such persons the amount of tax with respect to such business shall
30 be equal to the gross proceeds derived from such activities multiplied
31 by the rate of 0.275 percent. Persons subject to taxation under this
32 subsection shall be exempt from payment of taxes imposed by chapter
33 82.16 RCW for that portion of their business subject to taxation under
34 this subsection. Stevedoring and associated activities pertinent to
35 the conduct of goods and commodities in waterborne interstate or
36 foreign commerce are defined as all activities of a labor, service or
37 transportation nature whereby cargo may be loaded or unloaded to or
38 from vessels or barges, passing over, onto or under a wharf, pier, or

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

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

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

27 (11) Upon every person engaging within this state as an insurance
28 agent, insurance broker, or insurance solicitor licensed under chapter
29 48.17 RCW; as to such persons, the amount of the tax with respect to
30 such licensed activities shall be equal to the gross income of such
31 business multiplied by the rate of 0.484 percent.

32 (12) Upon every person engaging within this state in business as a
33 hospital, as defined in chapter 70.41 RCW, that is operated as a
34 nonprofit corporation or by the state or any of its political
35 subdivisions, as to such persons, the amount of tax with respect to
36 such activities shall be equal to the gross income of the business
37 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5

1 percent thereafter. The moneys collected under this subsection shall
2 be deposited in the health services account created under RCW
3 43.72.900."

SB 5517 - S AMD 204

By Senator B. Sheldon

ADOPTED 03/16/2003

4 On page 1, line 1 of the title, after "Relating to" strike the
5 remainder of the title and insert "clarifying the apportionment of
6 business and occupation taxes on travel agent or tour operator
7 businesses conducted both within and outside the state; and amending
8 RCW 82.04.260."

--- END ---