



# DIGEST SUPPLEMENT

To Legislative Digest and History of Bills  
Edition No. 1 Supplement No. 32\*

FIFTY-EIGHTH LEGISLATURE

Friday, February 27, 2004

47th Day - 2004 Regular

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### House Bills

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**HB 2459-S** by House Committee on Appropriations (originally sponsored by Representatives Sommers, Fromhold and Sehlin; by request of Governor Locke)

Making supplemental operating appropriations.

(DIGEST OF PROPOSED 1ST SUBSTITUTE)

Makes supplemental operating appropriations.

**-- 2004 REGULAR SESSION --**

Feb 24 APP - Majority; 1st substitute bill be substituted, do pass.  
Minority; do not pass.  
Feb 25 Placed on second reading.  
1st substitute bill substituted.  
Floor amendment(s) adopted.  
Rules suspended. Placed on Third Reading.  
Third reading, passed: yeas, 51; nays, 45; absent, 2.

**HB 3164-S** by House Committee on Transportation (originally sponsored by Representatives Murray, Ericksen, Wallace, Jarrett, Sommers, Rockefeller, Woods, Ruderman, Hatfield, Morris, Cooper, G. Simpson and Hankins)

Enacting the Transportation Innovative Partnerships Act.

(DIGEST OF PROPOSED 1ST SUBSTITUTE)

Finds that the public-private initiatives act created under chapter 47.46 RCW has not met the needs and expectations of the public or private sectors for the development of transportation projects.

Declares an intent to phase out chapter 47.46 RCW coincident with the completion of the Tacoma Narrows Bridge - SR 16 public-private partnership. From the effective date of this act, this legislation will provide a more desirable and effective approach to developing transportation projects in partnership with the private sector by applying lessons learned from other states and from this state's ten-year experience with chapter 47.46 RCW.

Creates the Transportation Innovative Partnerships Act for the planning, acquisition, financing, development, design, construction, reconstruction, replacement, improvement, maintenance, preservation, management, repair, and operation of transportation projects. The goals of this act are to: (1) Reduce the cost of transportation project delivery;

- (2) Recover transportation investment costs;
- (3) Develop an expedited project delivery process;
- (4) Encourage business investment in public infrastructure;
- (5) Use bonded indebtedness and lines of credit outside the state treasury, where financially advantageous and in the public interest;
- (6) Maximize innovation; and
- (7) Develop partnerships between private entities and units of government.

Provides that public sector partners may, either separately or in combination with any other public sector partner, enter into working agreements, coordination agreements, or similar implementation agreements, including the formation of bistate transportation organizations, to carry out the joint implementation of a transportation project selected under this act. Public sector partners may enter into agreements with other units of government or Canadian provinces for transborder transportation projects.

**-- 2004 REGULAR SESSION --**

Feb 24 TR - Majority; 1st substitute bill be substituted, do pass.  
Minority; do not pass.  
Feb 26 Placed on second reading.

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### Senate Bills

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**SB 5319-S3** by Senate Committee on Ways & Means (originally sponsored by Senators T. Sheldon, Hale and Esser)

Authorizing sales and use tax exemptions for call centers. Revised for 1st Substitute: Providing tax incentives for the construction and maintenance of call centers in distressed areas. Revised for 2nd Substitute: Providing tax incentives for call centers in rural areas of the state.

(DIGEST OF PROPOSED 3RD SUBSTITUTE)

Finds that there are areas of the state that still have very high levels of unemployment.

Finds that additional incentives are needed to promote economic stimulation and new employment opportunities in these distressed areas, and that these incentives are essential to increase economic growth in these areas.

Declares an intent to accomplish this by providing tax incentives for call centers, toll services, or network telephone services located in distressed areas of the state.

**-- 2004 REGULAR SESSION --**

Feb 25 WM - Majority; 3rd substitute bill be substituted, do pass.  
Passed to Rules Committee for second reading.

**SB 6157-S** by Senate Committee on Ways & Means (originally sponsored by Senators T. Sheldon, Hale, Regala, Mulliken and Winsley)

Exempting from the state public utility tax the sales of electricity to an electrolytic processing business.

(DIGEST OF PROPOSED 1ST SUBSTITUTE)

Exempts from the state public utility tax the sales of electricity to an electrolytic processing business.

**-- 2004 REGULAR SESSION --**

Feb 25 WM - Majority; 1st substitute bill be substituted, do pass.  
Passed to Rules Committee for second reading.

**SB 6187-S** by Senate Committee on Ways & Means  
(originally sponsored by Senators Zarelli,  
Prentice and Roach; by request of Governor Locke)

Making supplemental operating appropriations.

(DIGEST OF PROPOSED 1ST SUBSTITUTE)

Makes supplemental operating appropriations.

**-- 2004 REGULAR SESSION --**

Feb 25 WM - Majority; 1st substitute bill be substituted, do pass.  
Minority; do not pass.  
Passed to Rules Committee for second reading.  
Placed on second reading by Rules Committee.  
1st substitute bill substituted.  
Floor amendment(s) adopted.  
Rules suspended. Placed on Third Reading.  
Third reading, passed: yeas, 28; nays, 21; absent, 0.

**- IN THE HOUSE -**

Feb 26 First reading, referred to Rules.

**SB 6304-S2** by Senate Committee on Ways & Means  
(originally sponsored by Senators Brandland, Parlette, Spanel, Morton, Doumit, T. Sheldon and Rasmussen)

Providing tax relief for aluminum smelters.

(DIGEST OF PROPOSED 2ND SUBSTITUTE)

Provides tax relief for aluminum smelters.

Declares that upon every person who is an aluminum smelter engaging within this state in the business of manufacturing aluminum; as to such persons the amount of tax with respect to such business shall, in the case of manufacturers, be equal to the value of the product manufactured, or in the case of processors for hire, be equal to the gross income of the business, multiplied by the rate of .2904 percent.

Declares that upon every person who is an aluminum smelter engaging within this state in the business of making sales at wholesale of aluminum manufactured by that person, as to such persons the amount of tax with respect to such business shall be equal to the gross proceeds of sales of the aluminum multiplied by the rate of .2904 percent.

Expires January 1, 2007.

Provides that, by December 1, 2006, the department shall report to the legislature on the effectiveness of the smelter tax incentives. The report shall measure the effect of the smelter tax incentives on job retention for Washington residents and any other factors the department may select.

Takes effect July 1, 2004.

**-- 2004 REGULAR SESSION --**

Feb 24 WM - Majority; 2nd substitute bill be substituted, do pass.

Feb 25 Passed to Rules Committee for second reading.

**SB 6424-S** by Senate Committee on Ways & Means  
(originally sponsored by Senators Hewitt,  
Regala, Esser, Eide, Hale, Berkey, Kohl-Welles, Rasmussen and Pflug)

Clarifying the taxation of staffing services.

(DIGEST OF PROPOSED 1ST SUBSTITUTE)

Finds that the issue of the taxability of staffing businesses has been the subject of considerable confusion and dispute by the staffing industry, the department of revenue, and the courts since the Washington supreme court issued its decision in *Rho Company v. Department of Revenue* in 1989. The court cleared up much of the confusion caused by the *Rho* decision in *City of Tacoma v. The William Rogers Company, Inc.*, issued in December of 2002.

Declares that the legislature has determined that it is in the best interests of the state and the temporary staffing industry to alleviate the fiscal impact to the industry, and to fully resolve the issues of the classification and measure of the tax.

Finds that this can be achieved by lowering the rate of tax imposed on the gross income of a temporary staffing agency, which amount includes all wages, benefits, and costs paid to or for workers, and clarifying that persons providing retail services will be taxable under the retailing or wholesaling classification.

Provides that, absent a person's fraud or intentional misrepresentation of a material fact, no assessment for taxes imposed under chapters 82.08 and 82.12 RCW for staffing services, or related penalties or interest, may be made by the department against a person who in good faith: (1) Upon the effective date of this act, collects and remits to the department the applicable taxes imposed under chapters 82.08 and 82.12 RCW on sales made to consumers in this state; and

(2) For a period of at least thirty-six months from the effective date of this act, continues to collect and remit to the department the applicable taxes imposed under chapters 82.08 and 82.12 RCW on sales made to consumers in this state; provided however, that should the person quit doing business as a staffing service, then the thirty-six month period shall be reduced to the period that the person conducted business as a staffing service from the effective date of this act.

**-- 2004 REGULAR SESSION --**

Feb 25 WM - Majority; 1st substitute bill be substituted, do pass.  
Passed to Rules Committee for second reading.

**SB 6515-S** by Senate Committee on Ways & Means  
(originally sponsored by Senators Zarelli,  
Regala and Winsley; by request of Department of Revenue)

Correcting errors in and omissions from chapter 168, Laws of 2003, which implemented portions of the streamlined sales and use tax agreement.

(DIGEST OF PROPOSED 1ST SUBSTITUTE)

Corrects errors in and omissions from chapter 168, Laws of 2003, which implemented portions of the streamlined sales and use tax agreement.

**-- 2004 REGULAR SESSION --**

Feb 25 WM - Majority; 1st substitute bill be substituted, do pass.  
Passed to Rules Committee for second reading.

**SB 6544-S** by Senate Committee on Ways & Means (originally sponsored by Senators Winsley, Brown and Regala; by request of Department of Revenue)

Conforming Washington's tax structure to portions of the streamlined sales and use tax agreement not implemented by chapter 168, Laws of 2003.

(DIGEST OF PROPOSED 1ST SUBSTITUTE)

Conforms Washington's tax structure to portions of the streamlined sales and use tax agreement not implemented by chapter 168, Laws of 2003.

**-- 2004 REGULAR SESSION --**

Feb 25 WM - Majority; 1st substitute bill be substituted, do pass.  
Minority; do not pass.  
Passed to Rules Committee for second reading.

**SB 6660-S** by Senate Committee on Ways & Means (originally sponsored by Senators Hewitt, Doumit, Rasmussen and Murray)

Allowing light and power businesses to qualify for the manufacturing machinery and equipment sales and use tax exemption. Revised for 1st Substitute: Providing sales and use tax exemptions for light and power businesses.

(DIGEST OF PROPOSED 1ST SUBSTITUTE)

Authorizes light and power businesses to qualify for the manufacturing machinery and equipment sales and use tax exemption.

**-- 2004 REGULAR SESSION --**

Feb 25 WM - Majority; 1st substitute bill be substituted, do pass.  
Passed to Rules Committee for second reading.

**SB 6665-S** by Senate Committee on Ways & Means (originally sponsored by Senators Hewitt, Mulliken, Honeyford, Hale, Parlette, Rasmussen and Sheahan)

Modifying the excise taxation of fruit and vegetable processing and storage.

(DIGEST OF PROPOSED 1ST SUBSTITUTE)

Declares that chapter 82.04 RCW shall not apply to amounts received from the canning, preserving, freezing, processing, or dehydrating fresh fruits and vegetables which are subsequently sold at wholesale outside the state or which are sold at wholesale by the person canning, preserving, freezing, processing, or dehydrating fresh fruits and vegetables to purchasers outside the state or to purchasers who transport in the ordinary course of business the goods

out of this state, or selling at wholesale fresh fruits and vegetables canned, preserved, frozen, processed, or dehydrated by the seller and sold to purchasers who transport in the ordinary course of business the goods out of this state.

Provides that application for deferral of taxes under this act must be made before initiation of the construction of the investment project or acquisition of equipment or machinery.

Directs the department to issue a sales and use tax deferral certificate for state and local sales and use taxes due under chapters 82.08, 82.12, and 82.14 RCW on each eligible investment project if the investment project is undertaken for the purpose of fresh fruit and vegetable processing, cold storage warehousing, or research and development.

Expires July 1, 2010.

**-- 2004 REGULAR SESSION --**

Feb 24 WM - Majority; 1st substitute bill be substituted, do pass.

Feb 25 Passed to Rules Committee for second reading.

**SB 6689-S** by Senate Committee on Ways & Means (originally sponsored by Senators Hewitt, Prentice, McCaslin, Rasmussen, Sheahan, Parlette, Morton, T. Sheldon, Doumit, Mulliken and Hale)

Providing financial assistance to counties.

(DIGEST OF PROPOSED 1ST SUBSTITUTE)

Provides financial assistance to counties.

Establishes the county financial assistance advisory council within the department of community, trade, and economic development.

**-- 2004 REGULAR SESSION --**

Feb 25 WM - Majority; 1st substitute bill be substituted, do pass.

Passed to Rules Committee for second reading.

**SB 6696-S** by Senate Committee on Ways & Means (originally sponsored by Senators McCaslin, Fraser, B. Sheldon, Kline, Berkey and Rasmussen)

Providing tax deductions and exemptions for postage costs.

(DIGEST OF PROPOSED 1ST SUBSTITUTE)

Authorizes tax deductions and exemptions for postage costs.

**-- 2004 REGULAR SESSION --**

Feb 25 WM - Majority; 1st substitute bill be substituted, do pass.

Passed to Rules Committee for second reading.

**SB 6743** by Senators T. Sheldon, Benton, Shin, Oke  
and Mulliken

Awarding service credit under the teachers' retirement system plan 1 for military service.

Provides that, after completing twenty-five years of creditable service, any member may have service in the armed forces that was performed prior to membership in the retirement system credited to him or her as a member. However, the total number of years of military service credit from all sources, as authorized by any statute, may not exceed five years.

**-- 2004 REGULAR SESSION --**

Feb 26 First reading, referred to Ways & Means.