

SHB 1299 - S COMM AMD
By Committee on Ways & Means

ADOPTED 04/14/2005

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

3 "NEW SECTION. **Sec. 1.** The legislature finds that a number of tax
4 exemptions, deductions, credits, and other preferences have outlived
5 their usefulness. State records show no taxpayers have claimed relief
6 under these tax preferences in recent years. The intent of this act is
7 to update and simplify the tax statutes by repealing these outdated tax
8 preferences.

9 **Sec. 2.** RCW 15.76.165 and 1973 c 117 s 1 are each amended to read
10 as follows:

11 Any county which owns or leases property from another governmental
12 agency and provides such property for area or county and district
13 agricultural fair purposes may apply to the director for special
14 assistance in carrying out necessary capital improvements to such
15 property and maintenance of the appurtenances thereto(~~(, and in the~~
16 ~~event such property and capital improvements are leased to any~~
17 ~~organization conducting an agricultural fair pursuant to chapter 15.76~~
18 ~~RCW and chapter 257 of the Laws of 1955, such leasehold and such leased~~
19 ~~property shall be exempt from real and personal property taxation)).~~

20 **Sec. 3.** RCW 43.52.460 and 1971 ex.s. c 75 s 1 are each amended to
21 read as follows:

22 Any joint operating agency formed under this chapter shall pay in
23 lieu of taxes payments in the same amounts as paid by public utility
24 districts. Such payments shall be distributed in accordance with the
25 provisions applicable to public utility districts(~~(: PROVIDED,~~
26 ~~HOWEVER, That such tax shall not apply to steam generated electricity~~
27 ~~produced by a nuclear steam powered electric generating facility~~

1 ~~constructed or acquired by a joint operating agency and in operation~~
2 ~~prior to May 17, 1971))~~.

3 **Sec. 4.** RCW 82.04.260 and 2003 2nd sp.s. c 1 s 4 and 2003 2nd
4 sp.s. c 1 s 3 are each reenacted and 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;

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
31 from the manufacturing of the dairy products such as whey and casein;
32 or selling the same to purchasers who transport in the ordinary course
33 of business the goods out of state; as to such persons the tax imposed
34 shall be equal to the value of the products manufactured multiplied by
35 the rate of 0.138 percent. As proof of sale to a person who transports
36 in the ordinary course of business goods out of this state, the seller

1 shall annually provide a statement in a form prescribed by the
2 department and retain the statement as a business record;

3 (e) Alcohol fuel, biodiesel fuel, or biodiesel feedstock, as those
4 terms are defined in RCW 82.29A.135; as to such persons the amount of
5 tax with respect to the business shall be equal to the value of alcohol
6 fuel, biodiesel fuel, or biodiesel feedstock manufactured, multiplied
7 by the rate of 0.138 percent. This subsection (1)(e) expires July 1,
8 2009; and

9 (f) Alcohol fuel or wood biomass fuel, as those terms are defined
10 in RCW 82.29A.135; as to such persons the amount of tax with respect to
11 the business shall be equal to the value of alcohol fuel or wood
12 biomass fuel manufactured, multiplied by the rate of 0.138 percent.

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

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

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

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

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

36 ~~(7))~~ Upon every person engaging within this state in the business
37 of acting as a travel agent or tour operator; as to such persons the

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

4 ~~((+8))~~ (6) Upon every person engaging within this state in
5 business as an international steamship agent, international customs
6 house broker, international freight forwarder, vessel and/or cargo
7 charter broker in foreign commerce, and/or international air cargo
8 agent; as to such persons the amount of the tax with respect to only
9 international activities shall be equal to the gross income derived
10 from such activities multiplied by the rate of 0.275 percent.

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

1 trailers, and other refrigerated cargo receptacles, and securing ship
2 hatch covers.

3 ~~((+10+))~~ (8) Upon every person engaging within this state in the
4 business of disposing of low-level waste, as defined in RCW 43.145.010;
5 as to such persons the amount of the tax with respect to such business
6 shall be equal to the gross income of the business, excluding any fees
7 imposed under chapter 43.200 RCW, multiplied by the rate of 3.3
8 percent.

9 If the gross income of the taxpayer is attributable to activities
10 both within and without this state, the gross income attributable to
11 this state shall be determined in accordance with the methods of
12 apportionment required under RCW 82.04.460.

13 ~~((+11+))~~ (9) Upon every person engaging within this state as an
14 insurance agent, insurance broker, or insurance solicitor licensed
15 under chapter 48.17 RCW; as to such persons, the amount of the tax with
16 respect to such licensed activities shall be equal to the gross income
17 of such business multiplied by the rate of 0.484 percent.

18 ~~((+12+))~~ (10) Upon every person engaging within this state in
19 business as a hospital, as defined in chapter 70.41 RCW, that is
20 operated as a nonprofit corporation or by the state or any of its
21 political subdivisions, as to such persons, the amount of tax with
22 respect to such activities shall be equal to the gross income of the
23 business multiplied by the rate of 0.75 percent through June 30, 1995,
24 and 1.5 percent thereafter. The moneys collected under this subsection
25 shall be deposited in the health services account created under RCW
26 43.72.900.

27 ~~((+13+))~~ (11)(a) Beginning October 1, 2005, upon every person
28 engaging within this state in the business of manufacturing commercial
29 airplanes, or components of such airplanes, as to such persons the
30 amount of tax with respect to such business shall, in the case of
31 manufacturers, be equal to the value of the product manufactured, or in
32 the case of processors for hire, be equal to the gross income of the
33 business, multiplied by the rate of:

34 (i) 0.4235 percent from October 1, 2005, through the later of June
35 30, 2007, or the day preceding the date final assembly of a
36 superefficient airplane begins in Washington state, as determined under
37 RCW 82.32.550; and

1 (ii) 0.2904 percent beginning on the later of July 1, 2007, or the
2 date final assembly of a superefficient airplane begins in Washington
3 state, as determined under RCW 82.32.550.

4 (b) Beginning October 1, 2005, upon every person engaging within
5 this state in the business of making sales, at retail or wholesale, of
6 commercial airplanes, or components of such airplanes, manufactured by
7 that person, as to such persons the amount of tax with respect to such
8 business shall be equal to the gross proceeds of sales of the airplanes
9 or components multiplied by the rate of:

10 (i) 0.4235 percent from October 1, 2005, through the later of June
11 30, 2007, or the day preceding the date final assembly of a
12 superefficient airplane begins in Washington state, as determined under
13 RCW 82.32.550; and

14 (ii) 0.2904 percent beginning on the later of July 1, 2007, or the
15 date final assembly of a superefficient airplane begins in Washington
16 state, as determined under RCW 82.32.550.

17 (c) For the purposes of this subsection (~~((+13+))~~) (11), "commercial
18 airplane," "component," and "final assembly of a superefficient
19 airplane" have the meanings given in RCW 82.32.550.

20 (d) In addition to all other requirements under this title, a
21 person eligible for the tax rate under this subsection (~~((+13+))~~) (11)
22 must report as required under RCW 82.32.545.

23 (e) This subsection (~~((+13+))~~) (11) does not apply after the earlier
24 of: July 1, 2024; or December 31, 2007, if assembly of a
25 superefficient airplane does not begin by December 31, 2007, as
26 determined under RCW 82.32.550.

27 **Sec. 5.** RCW 82.08.0255 and 1998 c 176 s 4 are each amended to read
28 as follows:

29 (1) The tax levied by RCW 82.08.020 shall not apply to sales of(~~(+)~~
30 ~~(a) Motor vehicle fuel used in aircraft by the manufacturer thereof~~
31 ~~for research, development, and testing purposes; and~~

32 ~~(b+))~~ motor vehicle and special fuel if:

33 (~~((+i+))~~) (a) The fuel is purchased for the purpose of public
34 transportation and the purchaser is entitled to a refund or an
35 exemption under RCW 82.36.275 or 82.38.080(3); or

36 (~~((+ii+))~~) (b) The fuel is purchased by a private, nonprofit

1 transportation provider certified under chapter 81.66 RCW and the
2 purchaser is entitled to a refund or an exemption under RCW 82.36.285
3 or 82.38.080(1)(h); or

4 ~~((+iii+))~~ (c) The fuel is taxable under chapter 82.36 or 82.38 RCW.

5 (2) Any person who has paid the tax imposed by RCW 82.08.020 on the
6 sale of special fuel delivered in this state shall be entitled to a
7 credit or refund of such tax with respect to fuel subsequently
8 established to have been actually transported and used outside this
9 state by persons engaged in interstate commerce. The tax shall be
10 claimed as a credit or refunded through the tax reports required under
11 RCW 82.38.150.

12 **Sec. 6.** RCW 82.12.0256 and 1998 c 176 s 5 are each amended to read
13 as follows:

14 The provisions of this chapter shall not apply in respect to the
15 use of:

16 ~~(1) ((Motor vehicle fuel used in aircraft by the manufacturer
17 thereof for research, development, and testing purposes; and~~

18 ~~+2+))~~ Special fuel purchased in this state upon which a refund is
19 obtained as provided in RCW 82.38.180(2); and

20 ~~((+3+))~~ (2) Motor vehicle and special fuel if:

21 (a) The fuel is used for the purpose of public transportation and
22 the purchaser is entitled to a refund or an exemption under RCW
23 82.36.275 or 82.38.080(3); or

24 (b) The fuel is purchased by a private, nonprofit transportation
25 provider certified under chapter 81.66 RCW and the purchaser is
26 entitled to a refund or an exemption under RCW 82.36.285 or
27 82.38.080(1)(h); or

28 (c) The fuel is taxable under chapter 82.36 or 82.38 RCW:
29 PROVIDED, That the use of motor vehicle and special fuel upon which a
30 refund of the applicable fuel tax is obtained shall not be exempt under
31 this subsection ~~((+3+))~~ (2)(c), and the director of licensing shall
32 deduct from the amount of such tax to be refunded the amount of tax due
33 under this chapter and remit the same each month to the department of
34 revenue.

35 NEW SECTION. **Sec. 7.** The following acts or parts of acts are each
36 repealed:

1 (1) RCW 82.35.010 (Intent) and 1979 ex.s. c 191 s 1;
2 (2) RCW 82.35.020 (Definitions) and 1996 c 186 s 521 & 1979 ex.s.
3 c 191 s 2;
4 (3) RCW 82.35.040 (Issuance of certificate--Limitations--Tabulation
5 of costs incurred--Administrative rules) and 1982 1st ex.s. c 2 s 3 &
6 1979 ex.s. c 191 s 4;
7 (4) RCW 82.35.050 (Credit against taxes--Conditions--Amount--
8 Limitations) and 1982 1st ex.s. c 2 s 1 & 1979 ex.s. c 191 s 5;
9 (5) RCW 82.35.070 (Issuance of certificate or supplement and notice
10 of refusal to issue certificate or supplement--Certified mail) and 1979
11 ex.s. c 191 s 7;
12 (6) RCW 82.35.080 (Revocation of certificate--Grounds--Continuance
13 of certificate--Liability for money saved--Technical assistance) and
14 1999 c 358 s 15, 1996 c 186 s 522, & 1979 ex.s. c 191 s 8;
15 (7) RCW 82.35.900 (Severability--1979 ex.s. c 191) and 1979 ex.s.
16 c 191 s 13;
17 (8) RCW 82.61.010 (Definitions) and 1995 1st sp.s. c 3 s 10, 1994
18 c 125 s 1, 1988 c 41 s 1, 1987 c 497 s 1, 1986 c 116 s 9, & 1985 ex.s.
19 c 2 s 1;
20 (9) RCW 82.61.030 (Tax deferral--Eligibility) and 1987 c 497 s 3 &
21 1985 ex.s. c 2 s 3;
22 (10) RCW 82.61.050 (Issuance of tax deferral certificate) and 1985
23 ex.s. c 2 s 4;
24 (11) RCW 82.61.060 (Repayment schedule) and 1987 c 497 s 4 & 1985
25 ex.s. c 2 s 5;
26 (12) RCW 82.61.080 (Applicability of general administrative
27 provisions) and 1985 ex.s. c 2 s 7;
28 (13) RCW 82.61.090 (Applications and information subject to
29 disclosure) and 1987 c 49 s 2;
30 (14) RCW 82.61.900 (Severability--1987 c 497) and 1987 c 497 s 5;
31 (15) RCW 82.61.901 (Severability--1988 c 41) and 1988 c 41 s 6;
32 (16) RCW 48.14.029 (Premium tax credit--New employment for
33 international service activities in eligible areas--Designation of
34 census tracts for eligibility--Records--Tax due upon ineligibility--
35 Interest assessment--Information from employment security department)
36 and 2003 c 248 s 3 & 1998 c 313 s 3;
37 (17) RCW 82.04.4329 (Deductions--Health insurance pool members--
38 Deficit assessments) and 1987 c 431 s 24;

1 (18) RCW 82.08.0276 (Exemptions--Sales of wearing apparel for use
2 only as a sample for display for sale) and 1980 c 37 s 42;
3 (19) RCW 82.08.0295 (Exemptions--Lease amounts and repurchase
4 amount for certain property under sale/leaseback agreement) and 1986 c
5 231 s 3;
6 (20) RCW 82.12.0295 (Exemptions--Lease amounts and repurchase
7 amount for certain property under sale/leaseback agreement) and 1986 c
8 231 s 4;
9 (21) RCW 82.12.02545 (Exemption--Use of naval aircraft training
10 equipment transferred due to base closure) and 1995 c 128 s 1; and
11 (22) RCW 84.56.450 (Year 2000 failure--No interest or penalties--
12 Payment of tax) and 1999 c 369 s 6.

13 NEW SECTION. **Sec. 8.** This act takes effect July 1, 2006."

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By Committee on Ways & Means

ADOPTED 04/14/2005

14 On page 1, line 1 of the title, after "preferences;" strike the
15 remainder of the title and insert "amending RCW 15.76.165, 43.52.460,
16 82.08.0255, and 82.12.0256; reenacting and amending RCW 82.04.260;
17 creating a new section; repealing RCW 82.35.010, 82.35.020, 82.35.040,
18 82.35.050, 82.35.070, 82.35.080, 82.35.900, 82.61.010, 82.61.030,
19 82.61.050, 82.61.060, 82.61.080, 82.61.090, 82.61.900, 82.61.901,
20 48.14.029, 82.04.4329, 82.08.0276, 82.08.0295, 82.12.0295, 82.12.02545,
21 and 84.56.450; and providing an effective date."

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