
SUBSTITUTE SENATE BILL 6237

State of Washington**59th Legislature****2006 Regular Session**

By Senate Committee on Ways & Means (originally sponsored by Senators Schoesler, Prentice and Hewitt)

READ FIRST TIME 02/27/06.

1 AN ACT Relating to technical modifications to tax statutes;
2 amending RCW 82.04.190, 82.04.330, 82.08.02745, 82.08.0311, 88.40.011,
3 88.46.010, 90.56.010, 82.04.530, 82.14B.020, 82.32.520, 82.32.555,
4 34.05.030, 82.14.030, 82.14.045, 82.14.048, 82.14.0485, 82.14.049,
5 82.14.0494, 82.14.010, 82.14.310, 82.14.320, 82.14.330, 82.14.340,
6 82.14.350, 82.14.360, 82.14.370, 82.14.390, 82.14.400, 82.14.420,
7 82.14.430, 82.14.440, 82.14.450, 82.14.460, 82.44.160, 43.62.010,
8 70.05.125, 53.08.090, 43.160.220, 82.08.0266, 82.08.02665, 82.12.0284,
9 82.08.02569, 82.08.02917, 82.08.832, 82.08.880, 82.08.890, 82.08.900,
10 82.08.910, 82.08.920, 82.04.140, 82.04.280, 82.04.280, 82.04.418,
11 82.04.4281, 82.04.4286, 82.04.440, 82.04.440, 82.04.4462, 82.04.4328,
12 82.32.550, 82.12.045, 84.33.140, 84.33.140, 84.34.108, 84.52.010,
13 84.52.054, and 82.46.010; amending 2004 c 153 s 502 (uncodified);
14 reenacting and amending RCW 82.04.050, 82.04.213, 82.14B.030,
15 43.84.092, and 82.04.250; adding a new section to chapter 82.14 RCW;
16 adding a new section to chapter 82.12 RCW; creating new sections;
17 repealing RCW 82.04.035, 82.04.2403, 82.04.331, 82.04.332, 82.04.333,
18 82.04.335, 82.04.337, 82.04.338, 82.04.410, 82.04.4287, 82.14.032,
19 82.14.034, 82.14.046, 82.14.070, 82.14.200, 82.14.210, 82.14.212,
20 82.14.220, 82.14.380, 35.02.135, 82.44.155, 82.12.02525, 82.12.0253,
21 82.12.02567, 82.12.02568, 82.12.02569, 82.12.0257, 82.12.0258,

1 82.12.0259, 82.12.0261, 82.12.0262, 82.12.0267, 82.12.0268, 82.12.0269,
2 82.12.0271, 82.12.0273, 82.12.0274, 82.12.02745, 82.12.02747,
3 82.12.02748, 82.12.02749, 82.12.0275, 82.12.0276, 82.12.0277,
4 82.12.0279, 82.12.0283, 82.12.02915, 82.12.02917, 82.12.0293,
5 82.12.0294, 82.12.0296, 82.12.0297, 82.12.0298, 82.12.031, 82.12.0311,
6 82.12.0316, 82.12.032, 82.12.033, 82.12.034, 82.12.0345, 82.12.0347,
7 82.12.803, 82.12.804, 82.12.806, 82.12.808, 82.12.809, 82.12.813,
8 82.12.832, 82.12.841, 82.12.880, 82.12.890, 82.12.900, 82.12.910,
9 82.12.920, 82.12.925, 82.12.935, 82.12.940, 82.12.945, 82.12.950,
10 82.12.955, 82.12.960, 82.12.975, 82.12.985, 82.04.055, 82.04.150,
11 82.04.4261, 82.04.4262, 82.04.4263, 84.55.012, and 84.55.0121;
12 providing effective dates; providing a contingent effective date;
13 providing expiration dates; providing a contingent expiration date; and
14 declaring an emergency.

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

16 **PART I**
17 **PROVISIONS RELATING TO AGRICULTURE**

18 **Sec. 101.** RCW 82.04.050 and 2005 c 515 s 2 and 2005 c 514 s 101
19 are each reenacted and amended to read as follows:

20 (1) "Sale at retail" or "retail sale" means every sale of tangible
21 personal property (including articles produced, fabricated, or
22 imprinted) to all persons irrespective of the nature of their business
23 and including, among others, without limiting the scope hereof, persons
24 who install, repair, clean, alter, improve, construct, or decorate real
25 or personal property of or for consumers other than a sale to a person
26 who presents a resale certificate under RCW 82.04.470 and who:

27 (a) Purchases for the purpose of resale as tangible personal
28 property in the regular course of business without intervening use by
29 such person, but a purchase for the purpose of resale by a regional
30 transit authority under RCW 81.112.300 is not a sale for resale; or

31 (b) Installs, repairs, cleans, alters, imprints, improves,
32 constructs, or decorates real or personal property of or for consumers,
33 if such tangible personal property becomes an ingredient or component
34 of such real or personal property without intervening use by such
35 person; or

1 (c) Purchases for the purpose of consuming the property purchased
2 in producing for sale a new article of tangible personal property or
3 substance, of which such property becomes an ingredient or component or
4 is a chemical used in processing, when the primary purpose of such
5 chemical is to create a chemical reaction directly through contact with
6 an ingredient of a new article being produced for sale; or

7 (d) Purchases for the purpose of consuming the property purchased
8 in producing ferrosilicon which is subsequently used in producing
9 magnesium for sale, if the primary purpose of such property is to
10 create a chemical reaction directly through contact with an ingredient
11 of ferrosilicon; (~~for~~) or

12 (e) Purchases for the purpose of providing the property to
13 consumers as part of competitive telephone service, as defined in RCW
14 82.04.065. The term shall include every sale of tangible personal
15 property which is used or consumed or to be used or consumed in the
16 performance of any activity classified as a "sale at retail" or "retail
17 sale" even though such property is resold or utilized as provided in
18 (a), (b), (c), (d), or (e) of this subsection following such use. The
19 term also means every sale of tangible personal property to persons
20 engaged in any business which is taxable under RCW 82.04.280 (2) and
21 (7), 82.04.290, and 82.04.2908; or

22 (f) Purchases for the purpose of satisfying the person's
23 obligations under an extended warranty as defined in subsection (7) of
24 this section, if such tangible personal property replaces or becomes an
25 ingredient or component of property covered by the extended warranty
26 without intervening use by such person.

27 (2) The term "sale at retail" or "retail sale" shall include the
28 sale of or charge made for tangible personal property consumed and/or
29 for labor and services rendered in respect to the following:

30 (a) The installing, repairing, cleaning, altering, imprinting, or
31 improving of tangible personal property of or for consumers, including
32 charges made for the mere use of facilities in respect thereto, but
33 excluding charges made for the use of self-service laundry facilities,
34 and also excluding sales of laundry service to nonprofit health care
35 facilities, and excluding services rendered in respect to live animals,
36 birds and insects;

37 (b) The constructing, repairing, decorating, or improving of new or
38 existing buildings or other structures under, upon, or above real

1 property of or for consumers, including the installing or attaching of
2 any article of tangible personal property therein or thereto, whether
3 or not such personal property becomes a part of the realty by virtue of
4 installation, and shall also include the sale of services or charges
5 made for the clearing of land and the moving of earth excepting the
6 mere leveling of land used in commercial farming or agriculture;

7 (c) The (~~charge for labor and services rendered in respect to~~)
8 constructing, repairing, or improving any structure upon, above, or
9 under any real property owned by an owner who conveys the property by
10 title, possession, or any other means to the person performing such
11 construction, repair, or improvement for the purpose of performing such
12 construction, repair, or improvement and the property is then
13 reconveyed by title, possession, or any other means to the original
14 owner;

15 (d) The (~~sale of or charge made for labor and services rendered in~~
16 ~~respect to the~~) cleaning, fumigating, razing or moving of existing
17 buildings or structures, but shall not include the charge made for
18 janitorial services; and for purposes of this section the term
19 "janitorial services" shall mean those cleaning and caretaking services
20 ordinarily performed by commercial janitor service businesses
21 including, but not limited to, wall and window washing, floor cleaning
22 and waxing, and the cleaning in place of rugs, drapes and upholstery.
23 The term "janitorial services" does not include painting, papering,
24 repairing, furnace or septic tank cleaning, snow removal or
25 sandblasting;

26 (e) (~~The sale of or charge made for labor and services rendered in~~
27 ~~respect to~~) Automobile towing and similar automotive transportation
28 services, but not in respect to those required to report and pay taxes
29 under chapter 82.16 RCW;

30 (f) (~~The sale of and charge made for~~) The furnishing of lodging
31 and all other services by a hotel, rooming house, tourist court, motel,
32 trailer camp, and the granting of any similar license to use real
33 property, as distinguished from the renting or leasing of real
34 property, and it shall be presumed that the occupancy of real property
35 for a continuous period of one month or more constitutes a rental or
36 lease of real property and not a mere license to use or enjoy the same.
37 For the purposes of this subsection, it shall be presumed that the sale

1 of and charge made for the furnishing of lodging for a continuous
2 period of one month or more to a person is a rental or lease of real
3 property and not a mere license to enjoy the same;

4 ~~(g) ((The sale of or charge made for tangible personal property,~~
5 ~~labor and services to))~~ Persons taxable under (a), (b), (c), (d), (e),
6 and (f) of this subsection when such sales or charges are for property,
7 labor and services which are used or consumed in whole or in part by
8 such persons in the performance of any activity defined as a "sale at
9 retail" or "retail sale" even though such property, labor and services
10 may be resold after such use or consumption. Nothing contained in this
11 subsection shall be construed to modify subsection (1) of this section
12 and nothing contained in subsection (1) of this section shall be
13 construed to modify this subsection.

14 (3) The term "sale at retail" or "retail sale" shall include the
15 sale of or charge made for personal, business, or professional services
16 including amounts designated as interest, rents, fees, admission, and
17 other service emoluments however designated, received by persons
18 engaging in the following business activities:

19 (a) Amusement and recreation services including but not limited to
20 golf, pool, billiards, skating, bowling, ski lifts and tows, day trips
21 for sightseeing purposes, and others, when provided to consumers;

22 (b) Abstract, title insurance, and escrow services;

23 (c) Credit bureau services;

24 (d) Automobile parking and storage garage services;

25 (e) Landscape maintenance and horticultural services but excluding
26 (i) horticultural services provided to farmers and (ii) pruning,
27 trimming, repairing, removing, and clearing of trees and brush near
28 electric transmission or distribution lines or equipment, if performed
29 by or at the direction of an electric utility;

30 (f) Service charges associated with tickets to professional
31 sporting events; and

32 (g) The following personal services: Physical fitness services,
33 tanning salon services, tattoo parlor services, steam bath services,
34 turkish bath services, escort services, and dating services.

35 (4)(a) The term shall also include:

36 (i) The renting or leasing of tangible personal property to
37 consumers; and

1 (ii) Providing tangible personal property along with an operator
2 for a fixed or indeterminate period of time. A consideration of this
3 is that the operator is necessary for the tangible personal property to
4 perform as designed. For the purpose of this subsection (4)(a)(ii), an
5 operator must do more than maintain, inspect, or set up the tangible
6 personal property.

7 (b) The term shall not include the renting or leasing of tangible
8 personal property where the lease or rental is for the purpose of
9 sublease or subrent.

10 (5) The term shall also include the providing of telephone service,
11 as defined in RCW 82.04.065, to consumers.

12 (6) The term shall also include the sale of prewritten computer
13 software other than a sale to a person who presents a resale
14 certificate under RCW 82.04.470, regardless of the method of delivery
15 to the end user, but shall not include custom software or the
16 customization of prewritten computer software.

17 (7) The term shall also include the sale of or charge made for an
18 extended warranty to a consumer. For purposes of this subsection,
19 "extended warranty" means an agreement for a specified duration to
20 perform the replacement or repair of tangible personal property at no
21 additional charge or a reduced charge for tangible personal property,
22 labor, or both, or to provide indemnification for the replacement or
23 repair of tangible personal property, based on the occurrence of
24 specified events. The term "extended warranty" does not include an
25 agreement, otherwise meeting the definition of extended warranty in
26 this subsection, if no separate charge is made for the agreement and
27 the value of the agreement is included in the sales price of the
28 tangible personal property covered by the agreement. For purposes of
29 this subsection, "sales price" has the same meaning as in RCW
30 82.08.010.

31 (8) The term shall not include the sale of or charge made for labor
32 and services rendered in respect to the building, repairing, or
33 improving of any street, place, road, highway, easement, right of way,
34 mass public transportation terminal or parking facility, bridge,
35 tunnel, or trestle which is owned by a municipal corporation or
36 political subdivision of the state or by the United States and which is
37 used or to be used primarily for foot or vehicular traffic including
38 mass transportation vehicles of any kind.

1 (9) The term shall also not include sales of chemical sprays or
2 washes to persons for the purpose of postharvest treatment of fruit for
3 the prevention of scald, fungus, mold, or decay, nor shall it include
4 sales of feed, seed, seedlings, fertilizer, agents for enhanced
5 pollination including insects such as bees, and spray materials to:
6 (a) Persons who participate in the federal conservation reserve
7 program, the environmental quality incentives program, the wetlands
8 reserve program, and the wildlife habitat incentives program, or their
9 successors administered by the United States department of agriculture;
10 (b) farmers for the purpose of producing for sale any agricultural
11 product; and (c) farmers acting under cooperative habitat development
12 or access contracts with an organization exempt from federal income tax
13 under 26 U.S.C. Sec. 501(c)(3) or the Washington state department of
14 fish and wildlife to produce or improve wildlife habitat on land that
15 the farmer owns or leases.

16 (10) The term shall not include the sale of or charge made for
17 labor and services rendered in respect to the constructing, repairing,
18 decorating, or improving of new or existing buildings or other
19 structures under, upon, or above real property of or for the United
20 States, any instrumentality thereof, or a county or city housing
21 authority created pursuant to chapter 35.82 RCW, including the
22 installing, or attaching of any article of tangible personal property
23 therein or thereto, whether or not such personal property becomes a
24 part of the realty by virtue of installation. Nor shall the term
25 include the sale of services or charges made for the clearing of land
26 and the moving of earth of or for the United States, any
27 instrumentality thereof, or a county or city housing authority. Nor
28 shall the term include the sale of services or charges made for
29 cleaning up for the United States, or its instrumentalities,
30 radioactive waste and other byproducts of weapons production and
31 nuclear research and development.

32 (11) The term shall not include the sale of or charge made for
33 labor, services, or tangible personal property pursuant to agreements
34 providing maintenance services for bus, rail, or rail fixed guideway
35 equipment when a regional transit authority is the recipient of the
36 labor, services, or tangible personal property, and a transit agency,
37 as defined in RCW 81.104.015, performs the labor or services.

1 **Sec. 102.** RCW 82.04.190 and 2005 c 514 s 103 are each amended to
2 read as follows:

3 (1) "Consumer" means the following:

4 ~~((1))~~ (a) Any person who purchases, acquires, owns, holds, or
5 uses any article of tangible personal property irrespective of the
6 nature of the person's business and including, among others, without
7 limiting the scope hereof, persons who install, repair, clean, alter,
8 improve, construct, or decorate real or personal property of or for
9 consumers other than for the purpose ~~((a))~~ (i) of resale as tangible
10 personal property in the regular course of business or ~~((b))~~ (ii) of
11 incorporating such property as an ingredient or component of real or
12 personal property when installing, repairing, cleaning, altering,
13 imprinting, improving, constructing, or decorating such real or
14 personal property of or for consumers or ~~((c))~~ (iii) of consuming
15 such property in producing for sale a new article of tangible personal
16 property or a new substance, of which such property becomes an
17 ingredient or component or as a chemical used in processing, when the
18 primary purpose of such chemical is to create a chemical reaction
19 directly through contact with an ingredient of a new article being
20 produced for sale or ~~((d))~~ (iv) of consuming the property purchased
21 in producing ferrosilicon which is subsequently used in producing
22 magnesium for sale, if the primary purpose of such property is to
23 create a chemical reaction directly through contact with an ingredient
24 of ferrosilicon or ~~((e))~~ (v) of satisfying the person's obligations
25 under an extended warranty as defined in RCW 82.04.050(7), if such
26 tangible personal property replaces or becomes an ingredient or
27 component of property covered by the extended warranty without
28 intervening use by such person;

29 ~~((2)(a))~~ (b)(i) Any person engaged in any business activity
30 taxable under RCW 82.04.290 or 82.04.2908; ~~((b))~~ (ii) any person who
31 purchases, acquires, or uses any telephone service as defined in RCW
32 82.04.065, other than for resale in the regular course of business;
33 ~~((c))~~ (iii) any person who purchases, acquires, or uses any service
34 defined in RCW 82.04.050(2)(a), other than for resale in the regular
35 course of business or for the purpose of satisfying the person's
36 obligations under an extended warranty as defined in RCW 82.04.050(7);
37 ~~((d))~~ (iv) any person who purchases, acquires, or uses any amusement
38 and recreation service defined in RCW 82.04.050(3)(a), other than for

1 resale in the regular course of business; ~~((+e+))~~ (v) any person who is
2 an end user of software; and ~~((+f+))~~ (vi) any person who purchases or
3 acquires an extended warranty as defined in RCW 82.04.050(7) other than
4 for resale in the regular course of business;

5 ~~((+3+))~~ (c) Any person engaged in the business of contracting for
6 the building, repairing or improving of any street, place, road,
7 highway, easement, right of way, mass public transportation terminal or
8 parking facility, bridge, tunnel, or trestle which is owned by a
9 municipal corporation or political subdivision of the state of
10 Washington or by the United States and which is used or to be used
11 primarily for foot or vehicular traffic including mass transportation
12 vehicles of any kind as defined in RCW 82.04.280, in respect to
13 tangible personal property when such person incorporates such property
14 as an ingredient or component of such publicly owned street, place,
15 road, highway, easement, right of way, mass public transportation
16 terminal or parking facility, bridge, tunnel, or trestle by installing,
17 placing or spreading the property in or upon the right of way of such
18 street, place, road, highway, easement, bridge, tunnel, or trestle or
19 in or upon the site of such mass public transportation terminal or
20 parking facility;

21 ~~((+4+))~~ (d) Any person who is an owner, lessee or has the right of
22 possession to or an easement in real property which is being
23 constructed, repaired, decorated, improved, or otherwise altered by a
24 person engaged in business, excluding only ~~((+a+))~~ (i) municipal
25 corporations or political subdivisions of the state in respect to labor
26 and services rendered to their real property which is used or held for
27 public road purposes, and ~~((+b+))~~ (ii) the United States,
28 instrumentalities thereof, and county and city housing authorities
29 created pursuant to chapter 35.82 RCW in respect to labor and services
30 rendered to their real property. Nothing contained in this or any
31 other subsection of this definition shall be construed to modify any
32 other definition of "consumer";

33 ~~((+5+))~~ (e) Any person who is an owner, lessee, or has the right of
34 possession to personal property which is being constructed, repaired,
35 improved, cleaned, imprinted, or otherwise altered by a person engaged
36 in business;

37 ~~((+6+))~~ (f) Any person engaged in the business of constructing,
38 repairing, decorating, or improving new or existing buildings or other

1 structures under, upon, or above real property of or for the United
2 States, any instrumentality thereof, or a county or city housing
3 authority created pursuant to chapter 35.82 RCW, including the
4 installing or attaching of any article of tangible personal property
5 therein or thereto, whether or not such personal property becomes a
6 part of the realty by virtue of installation; also, any person engaged
7 in the business of clearing land and moving earth of or for the United
8 States, any instrumentality thereof, or a county or city housing
9 authority created pursuant to chapter 35.82 RCW. Any such person shall
10 be a consumer within the meaning of this subsection in respect to
11 tangible personal property incorporated into, installed in, or attached
12 to such building or other structure by such person, except that
13 consumer does not include any person engaged in the business of
14 constructing, repairing, decorating, or improving new or existing
15 buildings or other structures under, upon, or above real property of or
16 for the United States, or any instrumentality thereof, if the
17 investment project would qualify for sales and use tax deferral under
18 chapter 82.63 RCW if undertaken by a private entity;

19 ~~((7))~~ (g) Any person who is a lessor of machinery and equipment,
20 the rental of which is exempt from the tax imposed by RCW 82.08.020
21 under RCW 82.08.02565, with respect to the sale of or charge made for
22 tangible personal property consumed in respect to repairing the
23 machinery and equipment, if the tangible personal property has a useful
24 life of less than one year. Nothing contained in this or any other
25 subsection of this section shall be construed to modify any other
26 definition of "consumer";

27 ~~((8))~~ (h) Any person engaged in the business of cleaning up for
28 the United States, or its instrumentalities, radioactive waste and
29 other byproducts of weapons production and nuclear research and
30 development; and

31 ~~((9))~~ (i) Any person who is an owner, lessee, or has the right of
32 possession of tangible personal property that, under the terms of an
33 extended warranty as defined in RCW 82.04.050(7), has been repaired or
34 is replacement property, but only with respect to the sale of or charge
35 made for the repairing of the tangible personal property or the
36 replacement property.

37 (2) The term "consumer" does not include any person described in
38 RCW 82.04.050(9) who purchases, acquires, owns, holds, or uses chemical

1 sprays or washes, feed, seed, seedlings, fertilizer, agents for
2 enhanced pollination including insects such as bees, and spray
3 materials, for the purposes described in RCW 82.04.050(9).

4 **Sec. 103.** RCW 82.04.213 and 2001 c 118 s 2 and 2001 c 97 s 3 are
5 each reenacted and amended to read as follows:

6 (1) "Agricultural product" means any product of plant cultivation
7 or animal husbandry including, but not limited to: A product of
8 horticulture, grain cultivation, vermiculture, viticulture, or
9 aquaculture as defined in RCW 15.85.020; plantation Christmas trees;
10 short-rotation hardwoods as defined in RCW 84.33.035; turf; or any
11 animal including but not limited to an animal that is a private sector
12 cultured aquatic product as defined in RCW 15.85.020, or a bird, or
13 insect, or the substances obtained from such an animal. "Agricultural
14 product" does not include animals defined as pet animals under RCW
15 16.70.020.

16 (2) "Farmer" means any person engaged in the business of growing,
17 raising, or producing, upon the person's own lands or upon the lands in
18 which the person has a present right of possession, any agricultural
19 product to be sold. "Farmer" does not include a person growing,
20 raising, or producing such products for the person's own consumption;
21 a person selling any animal or substance obtained therefrom in
22 connection with the person's business of operating a stockyard or a
23 slaughter or packing house; or a person in respect to the business of
24 taking, cultivating, or raising timber.

25 (3) "Plantation Christmas trees" means Christmas trees which are
26 exempt from the timber excise tax under RCW 84.33.170.

27 **Sec. 104.** RCW 82.04.330 and 2001 c 118 s 3 are each amended to
28 read as follows:

29 (1) This chapter shall not apply to:

30 (a) Any farmer that sells any agricultural product at wholesale or
31 to any farmer who grows, raises, or produces agricultural products
32 owned by others, such as custom feed operations. This exemption shall
33 not apply to any person selling such products at retail or to any
34 person selling manufactured substances or articles(

35 This chapter shall also not apply to any persons));

1 (b) Any person who participates in the federal conservation reserve
2 program or its successor administered by the United States department
3 of agriculture with respect to land enrolled in that program;

4 (c) Amounts received by persons engaged in the production and sale
5 of hatching eggs or poultry for use in the production for sale of
6 poultry or poultry products;

7 (d) Amounts received from buying wheat, oats, dry peas, dry beans,
8 lentils, triticale, canola, corn, rye, and barley, but not including
9 any manufactured products thereof, and selling the same at wholesale;

10 (e) Amounts received by any person as compensation for the
11 receiving, washing, sorting, and packing of fresh perishable
12 horticultural products and the material and supplies used therein when
13 performed for the person exempted in (a) or (b) of this subsection (1),
14 either as agent or as independent contractor;

15 (f) The gross receipts or value of products proceeding or accruing
16 from timber harvested by a person who is a small harvester as defined
17 in RCW 84.33.035 and whose value of products, gross proceeds of sales,
18 or gross income of the business is less than one hundred thousand
19 dollars per tax year;

20 (g) Amounts received by hop growers or dealers for hops which are
21 shipped outside the state of Washington for first use, but only if
22 those hops have been processed into extract, pellets, or powder in this
23 state. This exemption applies regardless of who owns the hops during
24 the processing and who arranges for shipment of the processed hops to
25 a location outside this state.

26 This subsection (1)(g) does not exempt a processor or warehouse
27 from taxation under this chapter on amounts charged for processing or
28 warehousing;

29 (h) Amounts received by a person engaging within this state in the
30 business of: (i) Making wholesale sales to farmers of seed conditioned
31 for use in planting and not packaged for retail sale; or (ii)
32 conditioning seed for planting owned by others.

33 For the purposes of this subsection (1)(h), "seed" means seed
34 potatoes and all other "agricultural seed" as defined in RCW 15.49.011.
35 "Seed" does not include "flower seeds" or "vegetable seeds" as defined
36 in RCW 15.49.011, or any other seeds or propagative portions of plants
37 used to grow ornamental flowers or used to grow any type of bush, moss,
38 fern, shrub, or tree;

1 (i) Any business of any bona fide agricultural fair, if no part of
2 the net earnings of such business inures to the benefit of any
3 stockholder or member of the association conducting the agricultural
4 fair. However, any amount paid for admission to any exhibit,
5 grandstand, entertainment, or other feature conducted within the
6 fairgrounds by others shall be taxable under the provisions of this
7 chapter, except as otherwise provided by law; and

8 (j) Any nonprofit organization in respect to gross income derived
9 from business activities for a hop commodity commission or hop
10 commodity board created by state statute or created under chapter 15.65
11 or 15.66 RCW if: (i) The activity is approved by a referendum
12 conducted by the commission or board; (ii) the person is specified in
13 information distributed by the commission or board for the referendum
14 as a person who is to conduct the activity; and (iii) the referendum is
15 conducted in the manner prescribed by the statutes governing the
16 commission or board for approving assessments or expenditures, or
17 otherwise authorizing or approving activities of the commission or
18 board.

19 For the purposes of this subsection (1)(j), "nonprofit
20 organization" means an organization that is exempt from federal income
21 tax under 26 U.S.C. Sec. 501(c)(5).

22 (2) The tax imposed by RCW 82.04.240 does not apply to cleaning
23 fish. For the purposes of this subsection, "cleaning fish" means the
24 removal of the head, fins, or viscera from fresh fish without further
25 processing, other than freezing.

26 **Sec. 105.** RCW 82.08.02745 and 1997 c 438 s 1 are each amended to
27 read as follows:

28 (1) The tax levied by RCW 82.08.020 shall not apply to charges made
29 for labor and services rendered by any person in respect to the
30 constructing, repairing, decorating, or improving of new or existing
31 buildings or other structures used as agricultural employee housing, or
32 to sales of tangible personal property that becomes an ingredient or
33 component of the buildings or other structures during the course of the
34 constructing, repairing, decorating, or improving the buildings or
35 other structures ~~((, but))~~. The exemption is available only if the
36 buyer provides the seller with an exemption certificate in a form and
37 manner prescribed by the department ~~((by rule))~~.

1 (2) The exemption provided in this section for agricultural
2 employee housing provided to year-round employees of the agricultural
3 employer, only applies if that housing is built to the current building
4 code for single-family or multifamily dwellings according to the state
5 building code, chapter 19.27 RCW.

6 (3) Any agricultural employee housing built under this section
7 shall be used according to this section for at least five consecutive
8 years from the date the housing is approved for occupancy, or the full
9 amount of tax otherwise due shall be immediately due and payable
10 together with interest, but not penalties, from the date the housing is
11 approved for occupancy until the date of payment. If at any time
12 agricultural employee housing that is not located on agricultural land
13 ceases to be used in the manner specified in subsection (2) of this
14 section, the full amount of tax otherwise due shall be immediately due
15 and payable with interest, but not penalties, from the date the housing
16 ceases to be used as agricultural employee housing until the date of
17 payment.

18 (4) The exemption provided in this section shall not apply to
19 housing built for the occupancy of an employer, family members of an
20 employer, or persons owning stock or shares in a farm partnership or
21 corporation business.

22 (5) For purposes of this section and RCW 82.12.02685:

23 (a) "Agricultural employee" or "employee" has the same meaning as
24 given in RCW 19.30.010;

25 (b) "Agricultural employer" or "employer" has the same meaning as
26 given in RCW 19.30.010; and

27 (c) "Agricultural employee housing" means all facilities provided
28 by an agricultural employer, housing authority, local government, state
29 or federal agency, nonprofit community or neighborhood-based
30 organization that is exempt from income tax under section 501(c) of the
31 internal revenue code of 1986 (26 U.S.C. Sec. 501(c)), or for-profit
32 provider of housing for housing agricultural employees on a year-round
33 or seasonal basis, including bathing, food handling, hand washing,
34 laundry, and toilet facilities, single-family and multifamily dwelling
35 units and dormitories, and includes labor camps under RCW (~~70.54.110~~)
36 70.114A.110. "Agricultural employee housing" does not include housing
37 regularly provided on a commercial basis to the general public.
38 "Agricultural employee housing" does not include housing provided by a

1 housing authority unless at least eighty percent of the occupants are
2 agricultural employees whose adjusted income is less than fifty percent
3 of median family income, adjusted for household size, for the county
4 where the housing is provided.

5 **Sec. 106.** RCW 82.08.0311 and 1988 c 68 s 1 are each amended to
6 read as follows:

7 The tax levied by RCW 82.08.020 shall not apply to sales of
8 materials and supplies directly used in the packing of fresh perishable
9 horticultural products by any person entitled to ~~((a-deduction))~~ an
10 exemption under RCW ~~((82.04.4287))~~ 82.04.330(1)(e) either as an agent
11 or an independent contractor.

12 **Sec. 107.** RCW 88.40.011 and 2003 c 56 s 2 are each amended to read
13 as follows:

14 The definitions in this section apply throughout this chapter
15 unless the context clearly requires otherwise.

16 (1) "Barge" means a vessel that is not self-propelled.

17 (2) "Cargo vessel" means a self-propelled ship in commerce, other
18 than a tank vessel, fishing vessel, or a passenger vessel, of three
19 hundred or more gross tons.

20 (3) "Bulk" means material that is stored or transported in a loose,
21 unpackaged liquid, powder, or granular form capable of being conveyed
22 by a pipe, bucket, chute, or belt system.

23 (4) "Covered vessel" means a tank vessel, cargo vessel, or
24 passenger vessel.

25 (5) "Department" means the department of ecology.

26 (6) "Director" means the director of the department of ecology.

27 (7)(a) "Facility" means any structure, group of structures,
28 equipment, pipeline, or device, other than a vessel, located on or near
29 the navigable waters of the state that transfers oil in bulk to or from
30 any vessel with an oil carrying capacity over two hundred fifty barrels
31 or pipeline, that is used for producing, storing, handling,
32 transferring, processing, or transporting oil in bulk.

33 (b) A facility does not include any: (i) Railroad car, motor
34 vehicle, or other rolling stock while transporting oil over the
35 highways or rail lines of this state; (ii) retail motor vehicle motor
36 fuel outlet; (iii) facility that is operated as part of an exempt

1 agricultural activity as provided in RCW 82.04.330(1) (a) or (b); (iv)
2 underground storage tank regulated by the department or a local
3 government under chapter 90.76 RCW; or (v) marine fuel outlet that does
4 not dispense more than three thousand gallons of fuel to a ship that is
5 not a covered vessel, in a single transaction.

6 (8) "Fishing vessel" means a self-propelled commercial vessel of
7 three hundred or more gross tons that is used for catching or
8 processing fish.

9 (9) "Gross tons" means tonnage as determined by the United States
10 coast guard under 33 C.F.R. section 138.30.

11 (10) "Hazardous substances" means any substance listed as of March
12 1, 2003, in Table 302.4 of 40 C.F.R. Part 302 adopted under section
13 101(14) of the federal comprehensive environmental response,
14 compensation, and liability act of 1980, as amended by P.L. 99-499.
15 The following are not hazardous substances for purposes of this
16 chapter:

17 (a) Wastes listed as F001 through F028 in Table 302.4; and

18 (b) Wastes listed as K001 through K136 in Table 302.4.

19 (11) "Navigable waters of the state" means those waters of the
20 state, and their adjoining shorelines, that are subject to the ebb and
21 flow of the tide and/or are presently used, have been used in the past,
22 or may be susceptible for use to transport intrastate, interstate, or
23 foreign commerce.

24 (12) "Oil" or "oils" means any naturally occurring liquid
25 hydrocarbons at atmospheric temperature and pressure coming from the
26 earth, including condensate and natural gasoline, and any fractionation
27 thereof, including, but not limited to, crude oil, petroleum, gasoline,
28 fuel oil, diesel oil, oil sludge, oil refuse, and oil mixed with wastes
29 other than dredged spoil. Oil does not include any substance listed as
30 of March 1, 2003, in Table 302.4 of 40 C.F.R. Part 302 adopted under
31 section 101(14) of the federal comprehensive environmental response,
32 compensation, and liability act of 1980, as amended by P.L. 99-499.

33 (13) "Offshore facility" means any facility located in, on, or
34 under any of the navigable waters of the state, but does not include a
35 facility any part of which is located in, on, or under any land of the
36 state, other than submerged land.

37 (14) "Onshore facility" means any facility any part of which is
38 located in, on, or under any land of the state, other than submerged

1 land, that because of its location, could reasonably be expected to
2 cause substantial harm to the environment by discharging oil into or on
3 the navigable waters of the state or the adjoining shorelines.

4 (15)(a) "Owner or operator" means (i) in the case of a vessel, any
5 person owning, operating, or chartering by demise, the vessel; (ii) in
6 the case of an onshore or offshore facility, any person owning or
7 operating the facility; and (iii) in the case of an abandoned vessel or
8 onshore or offshore facility, the person who owned or operated the
9 vessel or facility immediately before its abandonment.

10 (b) "Operator" does not include any person who owns the land
11 underlying a facility if the person is not involved in the operations
12 of the facility.

13 (16) "Passenger vessel" means a ship of three hundred or more gross
14 tons with a fuel capacity of at least six thousand gallons carrying
15 passengers for compensation.

16 (17) "Ship" means any boat, ship, vessel, barge, or other floating
17 craft of any kind.

18 (18) "Spill" means an unauthorized discharge of oil into the waters
19 of the state.

20 (19) "Tank vessel" means a ship that is constructed or adapted to
21 carry, or that carries, oil in bulk as cargo or cargo residue, and
22 that:

23 (a) Operates on the waters of the state; or

24 (b) Transfers oil in a port or place subject to the jurisdiction of
25 this state.

26 (20) "Waters of the state" includes lakes, rivers, ponds, streams,
27 inland waters, underground water, salt waters, estuaries, tidal flats,
28 beaches and lands adjoining the seacoast of the state, sewers, and all
29 other surface waters and watercourses within the jurisdiction of the
30 state of Washington.

31 **Sec. 108.** RCW 88.46.010 and 2000 c 69 s 1 are each amended to read
32 as follows:

33 Unless the context clearly requires otherwise, the definitions in
34 this section apply throughout this chapter.

35 (1) "Best achievable protection" means the highest level of
36 protection that can be achieved through the use of the best achievable
37 technology and those staffing levels, training procedures, and

1 operational methods that provide the greatest degree of protection
2 achievable. The director's determination of best achievable protection
3 shall be guided by the critical need to protect the state's natural
4 resources and waters, while considering (a) the additional protection
5 provided by the measures; (b) the technological achievability of the
6 measures; and (c) the cost of the measures.

7 (2) "Best achievable technology" means the technology that provides
8 the greatest degree of protection taking into consideration (a)
9 processes that are being developed, or could feasibly be developed,
10 given overall reasonable expenditures on research and development, and
11 (b) processes that are currently in use. In determining what is best
12 achievable technology, the director shall consider the effectiveness,
13 engineering feasibility, and commercial availability of the technology.

14 (3) "Cargo vessel" means a self-propelled ship in commerce, other
15 than a tank vessel or a passenger vessel, of three hundred or more
16 gross tons, including but not limited to, commercial fish processing
17 vessels and freighters.

18 (4) "Bulk" means material that is stored or transported in a loose,
19 unpackaged liquid, powder, or granular form capable of being conveyed
20 by a pipe, bucket, chute, or belt system.

21 (5) "Covered vessel" means a tank vessel, cargo vessel, or
22 passenger vessel.

23 (6) "Department" means the department of ecology.

24 (7) "Director" means the director of the department of ecology.

25 (8) "Discharge" means any spilling, leaking, pumping, pouring,
26 emitting, emptying, or dumping.

27 (9)(a) "Facility" means any structure, group of structures,
28 equipment, pipeline, or device, other than a vessel, located on or near
29 the navigable waters of the state that transfers oil in bulk to or from
30 a tank vessel or pipeline, that is used for producing, storing,
31 handling, transferring, processing, or transporting oil in bulk.

32 (b) A facility does not include any: (i) Railroad car, motor
33 vehicle, or other rolling stock while transporting oil over the
34 highways or rail lines of this state; (ii) retail motor vehicle motor
35 fuel outlet; (iii) facility that is operated as part of an exempt
36 agricultural activity as provided in RCW 82.04.330(1) (a) or (b); (iv)
37 underground storage tank regulated by the department or a local

1 government under chapter 90.76 RCW; or (v) marine fuel outlet that does
2 not dispense more than three thousand gallons of fuel to a ship that is
3 not a covered vessel, in a single transaction.

4 (10) "Marine facility" means any facility used for tank vessel
5 wharfage or anchorage, including any equipment used for the purpose of
6 handling or transferring oil in bulk to or from a tank vessel.

7 (11) "Navigable waters of the state" means those waters of the
8 state, and their adjoining shorelines, that are subject to the ebb and
9 flow of the tide and/or are presently used, have been used in the past,
10 or may be susceptible for use to transport intrastate, interstate, or
11 foreign commerce.

12 (12) "Oil" or "oils" means any naturally occurring liquid
13 hydrocarbons at atmospheric temperature and pressure coming from the
14 earth, including condensate and natural gasoline, and any fractionation
15 thereof, including, but not limited to, crude oil, petroleum, gasoline,
16 fuel oil, diesel oil, oil sludge, oil refuse, and oil mixed with wastes
17 other than dredged spoil. Oil does not include any substance listed in
18 Table 302.4 of 40 C.F.R. Part 302 adopted August 14, 1989, under
19 section 101(14) of the federal comprehensive environmental response,
20 compensation, and liability act of 1980, as amended by P.L. 99-499.

21 (13) "Offshore facility" means any facility located in, on, or
22 under any of the navigable waters of the state, but does not include a
23 facility any part of which is located in, on, or under any land of the
24 state, other than submerged land. "Offshore facility" does not include
25 a marine facility.

26 (14) "Onshore facility" means any facility any part of which is
27 located in, on, or under any land of the state, other than submerged
28 land, that because of its location, could reasonably be expected to
29 cause substantial harm to the environment by discharging oil into or on
30 the navigable waters of the state or the adjoining shorelines.

31 (15)(a) "Owner or operator" means (i) in the case of a vessel, any
32 person owning, operating, or chartering by demise, the vessel; (ii) in
33 the case of an onshore or offshore facility, any person owning or
34 operating the facility; and (iii) in the case of an abandoned vessel or
35 onshore or offshore facility, the person who owned or operated the
36 vessel or facility immediately before its abandonment.

37 (b) "Operator" does not include any person who owns the land

1 underlying a facility if the person is not involved in the operations
2 of the facility.

3 (16) "Passenger vessel" means a ship of three hundred or more gross
4 tons with a fuel capacity of at least six thousand gallons carrying
5 passengers for compensation.

6 (17) "Person" means any political subdivision, government agency,
7 municipality, industry, public or private corporation, copartnership,
8 association, firm, individual, or any other entity whatsoever.

9 (18) "Ship" means any boat, ship, vessel, barge, or other floating
10 craft of any kind.

11 (19) "Spill" means an unauthorized discharge of oil into the waters
12 of the state.

13 (20) "Tank vessel" means a ship that is constructed or adapted to
14 carry, or that carries, oil in bulk as cargo or cargo residue, and
15 that:

16 (a) Operates on the waters of the state; or

17 (b) Transfers oil in a port or place subject to the jurisdiction of
18 this state.

19 (21) "Waters of the state" includes lakes, rivers, ponds, streams,
20 inland waters, underground water, salt waters, estuaries, tidal flats,
21 beaches and lands adjoining the seacoast of the state, sewers, and all
22 other surface waters and watercourses within the jurisdiction of the
23 state of Washington.

24 (22) "Worst case spill" means: (a) In the case of a vessel, a
25 spill of the entire cargo and fuel of the vessel complicated by adverse
26 weather conditions; and (b) in the case of an onshore or offshore
27 facility, the largest foreseeable spill in adverse weather conditions.

28 **Sec. 109.** RCW 90.56.010 and 2000 c 69 s 15 are each amended to
29 read as follows:

30 For purposes of this chapter, the following definitions shall apply
31 unless the context indicates otherwise:

32 (1) "Best achievable protection" means the highest level of
33 protection that can be achieved through the use of the best achievable
34 technology and those staffing levels, training procedures, and
35 operational methods that provide the greatest degree of protection
36 achievable. The director's determination of best achievable protection
37 shall be guided by the critical need to protect the state's natural

1 resources and waters, while considering (a) the additional protection
2 provided by the measures; (b) the technological achievability of the
3 measures; and (c) the cost of the measures.

4 (2) "Best achievable technology" means the technology that provides
5 the greatest degree of protection taking into consideration (a)
6 processes that are being developed, or could feasibly be developed,
7 given overall reasonable expenditures on research and development, and
8 (b) processes that are currently in use. In determining what is best
9 achievable technology, the director shall consider the effectiveness,
10 engineering feasibility, and commercial availability of the technology.

11 (3) "Board" means the pollution control hearings board.

12 (4) "Cargo vessel" means a self-propelled ship in commerce, other
13 than a tank vessel or a passenger vessel, three hundred or more gross
14 tons, including but not limited to, commercial fish processing vessels
15 and freighters.

16 (5) "Bulk" means material that is stored or transported in a loose,
17 unpackaged liquid, powder, or granular form capable of being conveyed
18 by a pipe, bucket, chute, or belt system.

19 (6) "Committee" means the preassessment screening committee
20 established under RCW 90.48.368.

21 (7) "Covered vessel" means a tank vessel, cargo vessel, or
22 passenger vessel.

23 (8) "Department" means the department of ecology.

24 (9) "Director" means the director of the department of ecology.

25 (10) "Discharge" means any spilling, leaking, pumping, pouring,
26 emitting, emptying, or dumping.

27 (11)(a) "Facility" means any structure, group of structures,
28 equipment, pipeline, or device, other than a vessel, located on or near
29 the navigable waters of the state that transfers oil in bulk to or from
30 a tank vessel or pipeline, that is used for producing, storing,
31 handling, transferring, processing, or transporting oil in bulk.

32 (b) A facility does not include any: (i) Railroad car, motor
33 vehicle, or other rolling stock while transporting oil over the
34 highways or rail lines of this state; (ii) underground storage tank
35 regulated by the department or a local government under chapter 90.76
36 RCW; (iii) motor vehicle motor fuel outlet; (iv) facility that is
37 operated as part of an exempt agricultural activity as provided in RCW

1 82.04.330(1) (a) or (b); or (v) marine fuel outlet that does not
2 dispense more than three thousand gallons of fuel to a ship that is not
3 a covered vessel, in a single transaction.

4 (12) "Fund" means the state coastal protection fund as provided in
5 RCW 90.48.390 and 90.48.400.

6 (13) "Having control over oil" shall include but not be limited to
7 any person using, storing, or transporting oil immediately prior to
8 entry of such oil into the waters of the state, and shall specifically
9 include carriers and bailees of such oil.

10 (14) "Marine facility" means any facility used for tank vessel
11 wharfage or anchorage, including any equipment used for the purpose of
12 handling or transferring oil in bulk to or from a tank vessel.

13 (15) "Navigable waters of the state" means those waters of the
14 state, and their adjoining shorelines, that are subject to the ebb and
15 flow of the tide and/or are presently used, have been used in the past,
16 or may be susceptible for use to transport intrastate, interstate, or
17 foreign commerce.

18 (16) "Necessary expenses" means the expenses incurred by the
19 department and assisting state agencies for (a) investigating the
20 source of the discharge; (b) investigating the extent of the
21 environmental damage caused by the discharge; (c) conducting actions
22 necessary to clean up the discharge; (d) conducting predamage and
23 damage assessment studies; and (e) enforcing the provisions of this
24 chapter and collecting for damages caused by a discharge.

25 (17) "Oil" or "oils" means naturally occurring liquid hydrocarbons
26 at atmospheric temperature and pressure coming from the earth,
27 including condensate and natural gasoline, and any fractionation
28 thereof, including, but not limited to, crude oil, petroleum, gasoline,
29 fuel oil, diesel oil, oil sludge, oil refuse, and oil mixed with wastes
30 other than dredged spoil. Oil does not include any substance listed in
31 Table 302.4 of 40 C.F.R. Part 302 adopted August 14, 1989, under
32 section 101(14) of the federal comprehensive environmental response,
33 compensation, and liability act of 1980, as amended by P.L. 99-499.

34 (18) "Offshore facility" means any facility located in, on, or
35 under any of the navigable waters of the state, but does not include a
36 facility any part of which is located in, on, or under any land of the
37 state, other than submerged land.

1 (19) "Onshore facility" means any facility any part of which is
2 located in, on, or under any land of the state, other than submerged
3 land, that because of its location, could reasonably be expected to
4 cause substantial harm to the environment by discharging oil into or on
5 the navigable waters of the state or the adjoining shorelines.

6 (20)(a) "Owner or operator" means (i) in the case of a vessel, any
7 person owning, operating, or chartering by demise, the vessel; (ii) in
8 the case of an onshore or offshore facility, any person owning or
9 operating the facility; and (iii) in the case of an abandoned vessel or
10 onshore or offshore facility, the person who owned or operated the
11 vessel or facility immediately before its abandonment.

12 (b) "Operator" does not include any person who owns the land
13 underlying a facility if the person is not involved in the operations
14 of the facility.

15 (21) "Passenger vessel" means a ship of three hundred or more gross
16 tons with a fuel capacity of at least six thousand gallons carrying
17 passengers for compensation.

18 (22) "Person" means any political subdivision, government agency,
19 municipality, industry, public or private corporation, copartnership,
20 association, firm, individual, or any other entity whatsoever.

21 (23) "Ship" means any boat, ship, vessel, barge, or other floating
22 craft of any kind.

23 (24) "Spill" means an unauthorized discharge of oil or hazardous
24 substances into the waters of the state.

25 (25) "Tank vessel" means a ship that is constructed or adapted to
26 carry, or that carries, oil in bulk as cargo or cargo residue, and
27 that:

28 (a) Operates on the waters of the state; or

29 (b) Transfers oil in a port or place subject to the jurisdiction of
30 this state.

31 (26) "Waters of the state" includes lakes, rivers, ponds, streams,
32 inland waters, underground water, salt waters, estuaries, tidal flats,
33 beaches and lands adjoining the seacoast of the state, sewers, and all
34 other surface waters and watercourses within the jurisdiction of the
35 state of Washington.

36 (27) "Worst case spill" means: (a) In the case of a vessel, a
37 spill of the entire cargo and fuel of the vessel complicated by adverse

1 weather conditions; and (b) in the case of an onshore or offshore
2 facility, the largest foreseeable spill in adverse weather conditions.

3 NEW SECTION. **Sec. 110.** The following acts or parts of acts are
4 each repealed:

5 (1) RCW 82.04.035 ("Plantation Christmas trees") and 1987 c 23 s 1;

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

8 (3) RCW 82.04.331 (Exemptions--Wholesale sales to farmers of seed
9 for planting, conditioning seed for planting owned by others) and 1998
10 c 170 s 2;

11 (4) RCW 82.04.332 (Exemptions--Buying and selling at wholesale
12 wheat, oats, dry peas, dry beans, lentils, triticale, canola, corn,
13 rye, and barley) and 1998 c 312 s 2;

14 (5) RCW 82.04.333 (Exemptions--Small harvesters) and 1990 c 141 s
15 1;

16 (6) RCW 82.04.335 (Exemptions--Agricultural fairs) and 1965 ex.s.
17 c 145 s 1;

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

21 (8) RCW 82.04.338 (Exemptions--Hop commodity commission or hop
22 commodity board business) and 1998 c 200 s 1;

23 (9) RCW 82.04.410 (Exemptions--Hatching eggs and poultry) and 1967
24 ex.s. c 149 s 15 & 1961 c 15 s 82.04.410; and

25 (10) RCW 82.04.4287 (Deductions--Compensation for receiving,
26 washing, etc., horticultural products for person exempt under RCW
27 82.04.330--Materials and supplies used) and 1980 c 37 s 8.

28 **PART II**

29 **TELECOMMUNICATIONS PROVISIONS**

30 **Sec. 201.** RCW 82.04.530 and 2004 c 153 s 410 are each amended to
31 read as follows:

32 For purposes of this chapter, a telephone business other than a
33 mobile telecommunications service provider must calculate gross
34 proceeds of (~~retail~~) sales in a manner consistent with the sourcing
35 rules provided in RCW 82.32.520. The department may adopt rules to

1 implement this section, including rules that provide a formulary method
2 of determining gross proceeds that reasonably approximates the taxable
3 activity of a telephone business.

4 **Sec. 202.** RCW 82.14B.020 and 2002 c 341 s 7 are each amended to
5 read as follows:

6 As used in this chapter:

7 (1) "Emergency services communication system" means a multicounty,
8 countywide, or districtwide radio or landline communications network,
9 including an enhanced 911 telephone system, which provides rapid public
10 access for coordinated dispatching of services, personnel, equipment,
11 and facilities for police, fire, medical, or other emergency services.

12 (2) "Enhanced 911 telephone system" means a public telephone system
13 consisting of a network, data base, and on-premises equipment that is
14 accessed by dialing 911 and that enables reporting police, fire,
15 medical, or other emergency situations to a public safety answering
16 point. The system includes the capability to selectively route
17 incoming 911 calls to the appropriate public safety answering point
18 that operates in a defined 911 service area and the capability to
19 automatically display the name, address, and telephone number of
20 incoming 911 calls at the appropriate public safety answering point.

21 (3) "Switched access line" means the telephone service line which
22 connects a subscriber's main telephone(s) or equivalent main
23 telephone(s) to the local exchange company's switching office.

24 (4) "Local exchange company" has the meaning ascribed to it in RCW
25 80.04.010.

26 (5) "Radio access line" means the telephone number assigned to or
27 used by a subscriber for two-way local wireless voice service available
28 to the public for hire from a radio communications service company.
29 Radio access lines include, but are not limited to, radio-telephone
30 communications lines used in cellular telephone service, personal
31 communications services, and network radio access lines, or their
32 functional and competitive equivalent. Radio access lines do not
33 include lines that provide access to one-way signaling service, such as
34 paging service, or to communications channels suitable only for data
35 transmission, or to nonlocal radio access line service, such as
36 wireless roaming service, or to a private telecommunications system.

1 (6) "Radio communications service company" has the meaning ascribed
2 to it in RCW 80.04.010, except that it does not include radio paging
3 providers. It does include those persons or entities that provide
4 commercial mobile radio services, as defined by 47 U.S.C. Sec.
5 332(d)(1), and both facilities-based and nonfacilities-based resellers.

6 (7) "Private telecommunications system" has the meaning ascribed to
7 it in RCW 80.04.010.

8 (8) "Subscriber" means the retail purchaser of telephone service as
9 telephone service is defined in RCW 82.04.065(3).

10 (9) "Place of primary use" has the meaning ascribed to it in (~~the~~
11 ~~federal mobile telecommunications sourcing act, P.L. 106-252~~) RCW
12 82.04.065.

13 **Sec. 203.** RCW 82.14B.030 and 2002 c 341 s 8 and 2002 c 67 s 8 are
14 each reenacted and amended to read as follows:

15 (1) The legislative authority of a county may impose a county
16 enhanced 911 excise tax on the use of switched access lines in an
17 amount not exceeding fifty cents per month for each switched access
18 line. The amount of tax shall be uniform for each switched access
19 line. Each county shall provide notice of such tax to all local
20 exchange companies serving in the county at least sixty days in advance
21 of the date on which the first payment is due.

22 (2) The legislative authority of a county may also impose a county
23 enhanced 911 excise tax on the use of radio access lines whose place of
24 primary use is located within the county in an amount not exceeding
25 fifty cents per month for each radio access line. The amount of tax
26 shall be uniform for each radio access line. (~~The location of a radio~~
27 ~~access line is the customer's place of primary use as defined in RCW~~
28 ~~82.04.065.~~) The county shall provide notice of such tax to all radio
29 communications service companies serving in the county at least sixty
30 days in advance of the date on which the first payment is due. Any
31 county imposing this tax shall include in its ordinance a refund
32 mechanism whereby the amount of any tax ordered to be refunded by the
33 judgment of a court of record, or as a result of the resolution of any
34 appeal therefrom, shall be refunded to the radio communications service
35 company or local exchange company that collected the tax, and those
36 companies shall reimburse the subscribers who paid the tax. The

1 ordinance shall further provide that to the extent the subscribers who
2 paid the tax cannot be identified or located, the tax paid by those
3 subscribers shall be returned to the county.

4 (3) A state enhanced 911 excise tax is imposed on all switched
5 access lines in the state. The amount of tax shall not exceed twenty
6 cents per month for each switched access line. The tax shall be
7 uniform for each switched access line. The tax imposed under this
8 subsection shall be remitted to the department of revenue by local
9 exchange companies on a tax return provided by the department. Tax
10 proceeds shall be deposited by the treasurer in the enhanced 911
11 account created in RCW 38.52.540.

12 (4) A state enhanced 911 excise tax is imposed on all radio access
13 lines whose place of primary use is located within the state in an
14 amount of twenty cents per month for each radio access line. The tax
15 shall be uniform for each radio access line. The tax imposed under
16 this section shall be remitted to the department of revenue by radio
17 communications service companies, including those companies that resell
18 radio access lines, on a tax return provided by the department. Tax
19 proceeds shall be deposited by the treasurer in the enhanced 911
20 account created in RCW 38.52.540. The tax imposed under this section
21 is not subject to the state sales and use tax or any local tax.

22 (5) By August 31st of each year the state enhanced 911 coordinator
23 shall recommend the level for the next year of the state enhanced 911
24 excise tax imposed by subsection (3) of this section, based on a
25 systematic cost and revenue analysis, to the utilities and
26 transportation commission. The commission shall by the following
27 October 31st determine the level of the state enhanced 911 excise tax
28 for the following year.

29 **Sec. 204.** RCW 82.32.520 and 2004 c 153 s 403 are each amended to
30 read as follows:

31 (1) Except for the defined telecommunications services listed in
32 this section, the sale of telephone service as defined in RCW 82.04.065
33 sold on a call-by-call basis shall be sourced to (a) each level of
34 taxing jurisdiction where the call originates and terminates in that
35 jurisdiction or (b) each level of taxing jurisdiction where the call
36 either originates or terminates and in which the service address is
37 also located.

1 (2) Except for the defined telecommunications services listed in
2 this section, a sale of telephone service as defined in RCW 82.04.065
3 sold on a basis other than a call-by-call basis, is sourced to the
4 customer's place of primary use.

5 (3) The sales of telephone service as defined in RCW 82.04.065 that
6 are listed in this section shall be sourced to each level of taxing
7 jurisdiction as follows:

8 (a) A sale of mobile telecommunications services, other than air-
9 ground radiotelephone service and prepaid calling service, is sourced
10 to the customer's place of primary use as required by RCW 82.08.066.

11 (b) A sale of postpaid calling service is sourced to the
12 origination point of the telecommunications signal as first identified
13 by either (i) the seller's telecommunications system, or (ii)
14 information received by the seller from its service provider, where the
15 system used to transport such signals is not that of the seller.

16 (c) A sale of prepaid calling service is sourced as follows:

17 (i) When a prepaid calling service is received by the purchaser at
18 a business location of the seller, the sale is sourced to that business
19 location;

20 (ii) When a prepaid calling service is not received by the
21 purchaser at a business location of the seller, the sale is sourced to
22 the location where receipt by the purchaser or the purchaser's donee,
23 designated as such by the purchaser, occurs, including the location
24 indicated by instructions for delivery to the purchaser or donee, known
25 to the seller;

26 (iii) When (c)(i) and (ii) of this subsection do not apply, the
27 sale is sourced to the location indicated by an address for the
28 purchaser that is available from the business records of the seller
29 that are maintained in the ordinary course of the seller's business
30 when use of this address does not constitute bad faith;

31 (iv) When (c)(i), (ii), and (iii) of this subsection do not apply,
32 the sale is sourced to the location indicated by an address for the
33 purchaser obtained during the consummation of the sale, including the
34 address of a purchaser's payment instrument, if no other address is
35 available, when use of this address does not constitute bad faith;

36 (v) When (c)(i), (ii), (iii), and (iv) of this subsection do not
37 apply, including the circumstance where the seller is without
38 sufficient information to apply those provisions, then the location

1 shall be determined by the address from which tangible personal
2 property was shipped, from which the digital good or the computer
3 software delivered electronically was first available for transmission
4 by the seller, or from which the service defined as a retail sale under
5 RCW 82.04.050 was provided, disregarding for these purposes any
6 location that merely provided the digital transfer of the product sold;

7 (vi) In the case of a sale of mobile telecommunications service
8 that is a prepaid telecommunications service, (c)(v) of this subsection
9 shall include as an option the location associated with the mobile
10 telephone number.

11 (d) A sale of a private communication service is sourced as
12 follows:

13 (i) Service for a separate charge related to a customer channel
14 termination point is sourced to each level of jurisdiction in which
15 such customer channel termination point is located.

16 (ii) Service where all customer termination points are located
17 entirely within one jurisdiction or levels of jurisdiction is sourced
18 in such jurisdiction in which the customer channel termination points
19 are located.

20 (iii) Service for segments of a channel between two customer
21 channel termination points located in different jurisdictions and which
22 segment of channel are separately charged is sourced fifty percent in
23 each level of jurisdiction in which the customer channel termination
24 points are located.

25 (iv) Service for segments of a channel located in more than one
26 jurisdiction or levels of jurisdiction and which segments are not
27 separately billed is sourced in each jurisdiction based on the
28 percentage determined by dividing the number of customer channel
29 termination points in the jurisdiction by the total number of customer
30 channel termination points.

31 (4) The definitions in this subsection apply throughout this
32 chapter.

33 (a) "Air-ground radiotelephone service" means air-ground radio
34 service, as defined in 47 C.F.R. Sec. 22.99, as amended or renumbered
35 as of January 1, 2003, in which common carriers are authorized to offer
36 and provide radio telecommunications service for hire to subscribers in
37 aircraft.

1 (b) "Call-by-call basis" means any method of charging for
2 telecommunications services where the price is measured by individual
3 calls.

4 (c) "Communications channel" means a physical or virtual path of
5 communications over which signals are transmitted between or among
6 customer channel termination points.

7 (d) "Customer" means the person or entity that contracts with the
8 seller of telecommunications services. If the end user of
9 telecommunications services is not the contracting party, the end user
10 of the telecommunications service is the customer of the
11 telecommunications service. "Customer" does not include a reseller of
12 telecommunications service or for mobile telecommunications service of
13 a serving carrier under an agreement to serve the customer outside the
14 home service provider's licensed service area.

15 (e) "Customer channel termination point" means the location where
16 the customer either inputs or receives the communications.

17 (f) "End user" means the person who uses the telecommunications
18 service. In the case of an entity, the term end user means the
19 individual who uses the service on behalf of the entity.

20 (g) "Home service provider" means the same as that term is defined
21 in RCW 82.04.065.

22 (h) "Mobile telecommunications service" means the same as that term
23 is defined in RCW 82.04.065.

24 (i) "Place of primary use" means the street address representative
25 of where the customer's use of the telecommunications service primarily
26 occurs, which must be the residential street address or the primary
27 business street address of the customer. In the case of mobile
28 telecommunications services, "place of primary use" must be within the
29 licensed service area of the home service provider.

30 (j) "Postpaid calling service" means the telecommunications service
31 obtained by making a payment on a call-by-call basis either through the
32 use of a credit card or payment mechanism such as a bank card, travel
33 card, credit card, or debit card, or by charge made to ((which)) a
34 telephone number that is not associated with the origination or
35 termination of the telecommunications service. A postpaid calling
36 service includes a telecommunications service that would be a prepaid
37 calling service except it is not exclusively a telecommunications
38 service.

1 (k) "Prepaid calling service" means the right to access exclusively
2 telecommunications services, which must be paid for in advance and
3 which enables the origination of calls using an access number and/or
4 authorization code, whether manually or electronically dialed, and that
5 is sold in predetermined units or dollars of which the number declines
6 with use in a known amount.

7 (l) "Private communication service" means a telecommunications
8 service that entitles the customer to exclusive or priority use of a
9 communications channel or group of channels between or among
10 termination points, regardless of the manner in which such channel or
11 channels are connected, and includes switching capacity, extension
12 lines, stations, and any other associated services that are provided in
13 connection with the use of such channel or channels.

14 (m) "Service address" means:

15 (i) The location of the telecommunications equipment to which a
16 customer's call is charged and from which the call originates or
17 terminates, regardless of where the call is billed or paid;

18 (ii) If the location in (m)(i) of this subsection is not known, the
19 origination point of the signal of the telecommunications services
20 first identified by either the seller's telecommunications system or in
21 information received by the seller from its service provider, where the
22 system used to transport such signals is not that of the seller;

23 (iii) If the locations in (m)(i) and (ii) of this subsection are
24 not known, the location of the customer's place of primary use.

25 **Sec. 205.** RCW 82.32.555 and 2004 c 76 s 1 are each amended to read
26 as follows:

27 If a taxing jurisdiction does not subject some charges for
28 telephone services to taxation, but these charges are aggregated with
29 and not separately stated from charges that are subject to taxation,
30 then the charges for nontaxable telephone services may be subject to
31 taxation unless the telephone service ((~~or~~)) provider can reasonably
32 identify charges not subject to the tax, charge, or fee from its books
33 and records that are kept in the regular course of business and for
34 purposes other than merely allocating the sales price of an aggregated
35 charge to the individually aggregated items.

1 **Sec. 206.** RCW 34.05.030 and 2002 c 354 s 225 are each amended to
2 read as follows:

3 (1) This chapter shall not apply to:

4 (a) The state militia, or

5 (b) The board of clemency and pardons, or

6 (c) The department of corrections or the indeterminate sentencing
7 review board with respect to persons who are in their custody or are
8 subject to the jurisdiction of those agencies.

9 (2) The provisions of RCW 34.05.410 through 34.05.598 shall not
10 apply:

11 (a) To adjudicative proceedings of the board of industrial
12 insurance appeals except as provided in RCW 7.68.110 and 51.48.131;

13 (b) Except for actions pursuant to chapter 46.29 RCW, to the
14 denial, suspension, or revocation of a driver's license by the
15 department of licensing;

16 (c) To the department of labor and industries where another statute
17 expressly provides for review of adjudicative proceedings of a
18 department action, order, decision, or award before the board of
19 industrial insurance appeals;

20 (d) To actions of the Washington personnel resources board or the
21 director of personnel; or

22 (e) To the extent they are inconsistent with any provisions of
23 chapter 43.43 RCW.

24 (3) Unless a party makes an election for a formal hearing pursuant
25 to RCW 82.03.140 or 82.03.190, RCW 34.05.410 through 34.05.598 do not
26 apply to a review hearing conducted by the board of tax appeals.

27 (4) The rule-making provisions of this chapter do not apply to:

28 (a) Reimbursement unit values, fee schedules, arithmetic conversion
29 factors, and similar arithmetic factors used to determine payment rates
30 that apply to goods and services purchased under contract for clients
31 eligible under chapter 74.09 RCW; and

32 (b) Determinations by the department of revenue under RCW
33 43.20A.725 and 80.36.430 of the amount of telecommunications relay
34 service excise tax and telephone assistance excise tax, to be placed on
35 each switched access line.

36 (5) All other agencies, whether or not formerly specifically
37 excluded from the provisions of all or any part of the Administrative
38 Procedure Act, shall be subject to the entire act.

1 **Sec. 207.** 2004 c 153 s 502 (uncodified) is amended to read as
2 follows:

3 (1) If a court of competent jurisdiction enters a final judgment on
4 the merits that is based on federal or state law, is no longer subject
5 to appeal, and substantially limits or impairs the essential elements
6 of P.L. 106-252, 4 U.S.C. Secs. 116 through 126, or chapter 67, Laws of
7 2002, then chapter 67, Laws of 2002 is null and void in its entirety.

8 (2) If the contingency in subsection (1) of this section occurs,
9 section 502, chapter 168, Laws of 2003 is null and void.

10 (3) If the contingency in subsection (1) of this section occurs,
11 section 410, chapter 153, Laws of 2004 is null and void.

12 (4) If the contingency in subsection (1) of this section occurs,
13 section 111, chapter 514, Laws of 2005 is null and void.

14 (5) If the contingency in subsection (1) of this section occurs,
15 sections 201 and 203, chapter ..., Laws of 2006 (sections 201 and 203
16 of this act) are null and void.

17 **PART III**

18 **LOCAL SALES AND USE TAXES**

19 NEW SECTION. **Sec. 301.** A new section is added to chapter 82.14
20 RCW to read as follows:

21 The amount of retail sales or use tax imposed by a local government
22 under the authority of this chapter or any other statute upon the
23 occurrence of any taxable event shall equal:

24 (1) In the case of a sales tax, the tax rates multiplied by the
25 selling price of the article, service, or extended warranty; and

26 (2) In the case of a use tax, the tax rates multiplied by the value
27 of the article used, value of the service used, or value of the
28 extended warranty used. However, in the case of a seller that is
29 required to collect use tax from the purchaser, the amount of tax
30 imposed shall equal the tax rates multiplied by the purchase price.

31 **Sec. 302.** RCW 82.14.030 and 1989 c 384 s 6 are each amended to
32 read as follows:

33 (1) The governing body of any county or city while not required by
34 legislative mandate to do so, may, by resolution or ordinance for the
35 purposes authorized by this chapter, (~~fix and~~) impose a sales and use

1 tax in accordance with the terms of this chapter. Such tax shall be
2 collected from those persons who are taxable by the state (~~pur~~
3 ~~to~~) under chapters 82.08 and 82.12 RCW, upon the occurrence of any
4 taxable event within the county or city as the case may be(~~+~~
5 ~~PROVIDED, That~~). Except as provided in RCW 82.14.230, this sales and
6 use tax shall not apply to natural or manufactured gas. The rate of
7 such tax imposed by a county shall be five-tenths of one percent (~~of~~
8 the selling price (in the case of a sales tax) or value of the article
9 used (in the case of a use tax)). The rate of such tax imposed by a
10 city shall not exceed five-tenths of one percent (~~of the selling price~~
11 ~~(in the case of a sales tax) or value of the article used (in the case~~
12 ~~of a use tax):~~ ~~PROVIDED, HOWEVER, That~~). However, in the event a
13 county (~~shall impose~~) imposes a sales and use tax under this
14 subsection, the rate of such tax imposed under this subsection by any
15 city therein shall not exceed four hundred and twenty-five one-
16 thousandths of one percent.

17 (2) (~~Subject to the enactment into law of the 1982 amendment to~~
18 ~~RCW 82.02.020 by section 5, chapter 49, Laws of 1982 1st ex. sess.,~~)
19 In addition to the tax authorized in subsection (1) of this section,
20 the governing body of any county or city may by resolution or ordinance
21 impose an additional sales and use tax in accordance with the terms of
22 this chapter. Such additional tax shall be collected upon the same
23 taxable events upon which the tax imposed under subsection (1) of this
24 section is (~~levied~~) imposed. The rate of such additional tax imposed
25 by a county shall be up to five-tenths of one percent (~~of the selling~~
26 ~~price (in the case of a sales tax) or value of the article used (in the~~
27 ~~case of a use tax))~~. The rate of such additional tax imposed by a
28 city shall be up to five-tenths of one percent (~~of the selling price~~
29 ~~(in the case of a sales tax) or value of the article used (in the case~~
30 ~~of a use tax):~~ ~~PROVIDED HOWEVER, That~~). However, in the event a
31 county (~~shall~~) imposes a sales and use tax under the authority of
32 this subsection at a rate equal to or greater than the rate imposed
33 under the authority of this subsection by a city within the county, the
34 county shall receive fifteen percent of the city tax(~~+~~—~~PROVIDED~~
35 ~~FURTHER, That~~). In the event that the county (~~shall impose~~) imposes
36 a sales and use tax under the authority of this subsection at a rate
37 which is less than the rate imposed under this subsection by a city
38 within the county, the county shall receive that amount of revenues

1 from the city tax equal to fifteen percent of the rate of tax imposed
2 by the county under the authority of this subsection. The authority to
3 impose a tax under this subsection is intended in part to compensate
4 local government for any losses from the phase-out of the property tax
5 on business inventories.

6 (3) The rate of sales and use tax imposed by a city under the
7 authority of subsections (1) and (2) of this section may be altered
8 pursuant to a government service agreement as provided in RCW
9 36.115.040 and 36.115.050.

10 (4) The percentage of a city's sales and use tax receipts that a
11 county receives under the authority of subsections (1) and (2) of this
12 section may be altered pursuant to a government service agreement as
13 provided in RCW 36.115.040 and 36.115.050.

14 **Sec. 303.** RCW 82.14.045 and 2001 c 89 s 3 are each amended to read
15 as follows:

16 (1) The legislative body of any city pursuant to RCW 35.92.060, of
17 any county which has created an unincorporated transportation benefit
18 area pursuant to RCW 36.57.100 and 36.57.110, of any public
19 transportation benefit area pursuant to RCW 36.57A.080 and 36.57A.090,
20 of any county transportation authority established pursuant to chapter
21 36.57 RCW, and of any metropolitan municipal corporation within a
22 county with a population of one million or more pursuant to chapter
23 35.58 RCW, may, by resolution or ordinance for the sole purpose of
24 providing funds for the operation, maintenance, or capital needs of
25 public transportation systems or public transportation limited to
26 persons with special needs under RCW 36.57.130 and 36.57A.180, and in
27 lieu of the excise taxes authorized by RCW 35.95.040, submit an
28 authorizing proposition to the voters or include such authorization in
29 a proposition to perform the function of public transportation or
30 public transportation limited to persons with special needs under RCW
31 36.57.130 and 36.57A.180, and if approved by a majority of persons
32 voting thereon, ~~((fix and))~~ impose a sales and use tax in accordance
33 with the terms of this chapter ~~((: PROVIDED, That no such legislative~~
34 ~~body shall impose such a sales and use tax without submitting such an~~
35 ~~authorizing proposition to the voters and obtaining the approval of a~~
36 ~~majority of persons voting thereon: PROVIDED FURTHER, That)).~~ Where
37 ~~((such a))~~ an authorizing proposition is submitted by a county on

1 behalf of an unincorporated transportation benefit area, it shall be
2 voted upon by the voters residing within the boundaries of such
3 unincorporated transportation benefit area and, if approved, the sales
4 and use tax shall be imposed only within such area. Notwithstanding
5 any provisions of this section to the contrary, any county in which a
6 county public transportation plan has been adopted pursuant to RCW
7 36.57.070 and the voters of such county have authorized the imposition
8 of a sales and use tax pursuant to the provisions of section 10,
9 chapter 167, Laws of 1974 ex. sess., prior to July 1, 1975, shall be
10 authorized to (~~fix and~~) impose a sales and use tax as provided in
11 this section at not to exceed the rate so authorized without additional
12 approval of the voters of such county as otherwise required by this
13 section.

14 The tax authorized (~~pursuant to~~) by this section shall be in
15 addition to the tax authorized by RCW 82.14.030 and shall be collected
16 from those persons who are taxable by the state (~~pursuant to~~) under
17 chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event
18 within such city, public transportation benefit area, county, or
19 metropolitan municipal corporation as the case may be. The rate of
20 such tax shall be one-tenth, two-tenths, three-tenths, four-tenths,
21 five-tenths, six-tenths, seven-tenths, eight-tenths, or nine-tenths of
22 one percent (~~of the selling price (in the case of a sales tax) or~~
23 ~~value of the article used (in the case of a use tax)~~). The rate of
24 such tax shall not exceed the rate authorized by the voters unless such
25 increase shall be similarly approved.

26 (2)(a) In the event a metropolitan municipal corporation (~~shall~~)
27 imposes a sales and use tax pursuant to this chapter no city, county
28 which has created an unincorporated transportation benefit area, public
29 transportation benefit area authority, or county transportation
30 authority wholly within such metropolitan municipal corporation shall
31 be empowered to (~~levy~~) impose and/or collect taxes (~~pursuant to~~)
32 under RCW (~~(35.58.273,)~~) 35.95.040(~~(, and/or 82.14.045)~~) or this
33 section, but nothing herein shall prevent such city or county from
34 imposing sales and use taxes pursuant to any other authorization.

35 (b) In the event a county transportation authority (~~shall~~)
36 imposes a sales and use tax (~~pursuant to~~) under this section, no
37 city, county which has created an unincorporated transportation benefit
38 area, public transportation benefit area, or metropolitan municipal

1 corporation, located within the territory of the authority, shall be
2 empowered to ~~((levy))~~ impose or collect taxes ~~((pursuant to))~~ under RCW
3 ~~((35.58.273,))~~ 35.95.040~~((,))~~ or ~~((82.14.045))~~ this section.

4 (c) In the event a public transportation benefit area ~~((shall))~~
5 imposes a sales and use tax ~~((pursuant to))~~ under this section, no
6 city, county which has created an unincorporated transportation benefit
7 area, or metropolitan municipal corporation, located wholly or partly
8 within the territory of the public transportation benefit area, shall
9 be empowered to ~~((levy))~~ impose or collect taxes ~~((pursuant to))~~ under
10 RCW ~~((35.58.273,))~~ 35.95.040~~((,))~~ or ~~((82.14.045))~~ this section.

11 ~~((3) Any local sales and use tax revenue collected pursuant to
12 this section by any city or by any county for transportation purposes
13 pursuant to RCW 36.57.100 and 36.57.110 shall not be counted as locally
14 generated tax revenues for the purposes of apportionment and
15 distribution, in the manner prescribed by chapter 82.44 RCW, of the
16 proceeds of the motor vehicle excise tax authorized pursuant to RCW
17 35.58.273, except that the local sales and use tax revenue collected
18 under this section by a city with a population greater than sixty
19 thousand that as of January 1, 1998, owns and operates a municipal
20 public transportation system shall be counted as locally generated tax
21 revenues for the purposes of apportionment and distribution, in the
22 manner prescribed by chapter 82.44 RCW, of the proceeds of the motor
23 vehicle excise tax authorized under RCW 35.58.273 as follows:~~

24 ~~(a) For fiscal year 2000, revenues collected under this section
25 shall be counted as locally generated tax revenues for up to 25 percent
26 of the tax collected under RCW 35.58.273;~~

27 ~~(b) For fiscal year 2001, revenues collected under this section
28 shall be counted as locally generated tax revenues for up to 50 percent
29 of the tax collected under RCW 35.58.273;~~

30 ~~(c) For fiscal year 2002, revenues collected under this section
31 shall be counted as locally generated tax revenues for up to 75 percent
32 of the tax collected under RCW 35.58.273; and~~

33 ~~(d) For fiscal year 2003 and thereafter, revenues collected under
34 this section shall be counted as locally generated tax revenues for up
35 to 100 percent of the tax collected under RCW 35.58.273.))~~

36 **Sec. 304.** RCW 82.14.048 and 1999 c 165 s 12 are each amended to
37 read as follows:

1 (1) The governing board of a public facilities district under
2 chapter 36.100 or 35.57 RCW may submit an authorizing proposition to
3 the voters of the district, and if the proposition is approved by a
4 majority of persons voting, (~~fix and~~) impose a sales and use tax in
5 accordance with the terms of this chapter.

6 (2) The tax authorized in this section shall be in addition to any
7 other taxes authorized by law and shall be collected from those persons
8 who are taxable by the state under chapters 82.08 and 82.12 RCW upon
9 the occurrence of any taxable event within the public facilities
10 district. The rate of tax shall not exceed two-tenths of one percent
11 (~~of the selling price in the case of a sales tax, or value of the~~
12 ~~article used, in the case of a use tax~~)).

13 (3) Moneys received from any tax imposed under this section shall
14 be used for the purpose of providing funds for the costs associated
15 with the financing, design, acquisition, construction, equipping,
16 operating, maintaining, remodeling, repairing, and reequipping of its
17 public facilities.

18 (~~No tax may be collected under this section by a public facilities~~
19 ~~district under chapter 35.57 RCW before August 1, 2000, and no tax in~~
20 ~~excess of one-tenth of one percent may be collected under this section~~
21 ~~by a public facilities district under chapter 36.100 RCW before August~~
22 ~~1, 2000.~~)

23 **Sec. 305.** RCW 82.14.0485 and 1995 3rd sp.s. c 1 s 101 are each
24 amended to read as follows:

25 (1) The legislative authority of a county with a population of one
26 million or more may impose a sales and use tax in accordance with the
27 terms of this chapter. The tax is in addition to other taxes
28 authorized by law and shall be collected from those persons who are
29 taxable by the state under chapters 82.08 and 82.12 RCW upon the
30 occurrence of any taxable event within the county. The rate of tax
31 shall not exceed 0.017 percent (~~of the selling price in the case of a~~
32 ~~sales tax or value of the article used in the case of a use tax~~)).

33 (2) The tax (~~imposed~~) authorized under subsection (1) of this
34 section (~~shall be deducted from the amount of tax otherwise required~~
35 ~~to be collected or paid over to the department of revenue~~) is a credit
36 against the state tax under chapter 82.08 or 82.12 RCW. The department

1 of revenue shall perform the collection of such taxes on behalf of the
2 county at no cost to the county and shall remit the tax to the county
3 as provided in RCW 82.14.060.

4 (3) Moneys collected under the authority of this section shall only
5 be used for the purpose of paying the principal and interest payments
6 on bonds issued by a county to construct a baseball stadium.

7 (4) No tax may be collected under the authority of this section
8 before January 1, 1996, and no tax may be collected under this section
9 unless the taxes under RCW 82.14.360 are being collected. The tax
10 (~~imposed in~~) authorized under this section shall expire when the
11 bonds issued for the construction of the baseball stadium are retired,
12 but not more than twenty years after the tax is first collected.

13 (5) As used in this section, "baseball stadium" means a baseball
14 stadium with natural turf and a retractable roof or canopy, together
15 with associated parking facilities, constructed in the largest city in
16 a county with a population of one million or more.

17 **Sec. 306.** RCW 82.14.049 and 1997 c 220 s 502 are each amended to
18 read as follows:

19 (1) The legislative authority of any county may impose a sales and
20 use tax, in addition to the tax authorized by RCW 82.14.030, upon
21 retail car rentals within the county that are taxable by the state
22 under chapters 82.08 and 82.12 RCW. The rate of tax shall be one
23 percent (~~of the selling price in the case of a sales tax or rental~~
24 ~~value of the vehicle in the case of a use tax)). Proceeds of the tax~~
25 shall not be used to subsidize any professional sports team and shall
26 be used solely for the following purposes:

27 (~~(1)~~) (a) Acquiring, constructing, maintaining, or operating
28 public sports stadium facilities;

29 (~~(2)~~) (b) Engineering, planning, financial, legal, or
30 professional services incidental to public sports stadium facilities;

31 (~~(3)~~) (c) Youth or amateur sport activities or facilities; or

32 (~~(4)~~) (d) Debt or refinancing debt issued for the purposes of (a)
33 of this subsection (~~(1) of this section~~)).

34 (2) At least seventy-five percent of the tax (~~imposed~~) authorized
35 under this section shall be used for the purposes of (~~subsections~~)
36 subsection (1) (~~, (2), and (4)~~) of this section.

1 **Sec. 307.** RCW 82.14.0494 and 1997 c 220 s 204 are each amended to
2 read as follows:

3 (1) The legislative authority of a county that has created a public
4 stadium authority to develop a stadium and exhibition center under RCW
5 36.102.050 may impose a sales and use tax in accordance with this
6 chapter. The tax is in addition to other taxes authorized by law and
7 shall be collected from those persons who are taxable by the state
8 under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable
9 event within the county. The rate of tax shall be 0.016 percent (~~of~~
10 ~~the selling price in the case of a sales tax or value of the article~~
11 ~~used in the case of a use tax)).~~

12 (2) The tax (~~imposed~~) authorized under subsection (1) of this
13 section (~~shall be deducted from the amount of tax otherwise required~~
14 ~~to be collected or paid over to the department of revenue)) is a credit
15 against the state tax under chapter 82.08 or 82.12 RCW. The department
16 of revenue shall perform the collection of such taxes on behalf of the
17 county at no cost to the county and shall remit the tax to the county
18 as provided in RCW 82.14.060.~~

19 (3) Before the issuance of bonds in RCW 43.99N.020, all revenues
20 collected on behalf of the county under the authority of this section
21 shall be transferred to the public stadium authority. After bonds are
22 issued under RCW 43.99N.020, all revenues collected on behalf of the
23 county under the authority of this section shall be deposited in the
24 stadium and exhibition center account under RCW 43.99N.060.

25 (4) The definitions in RCW 36.102.010 apply to this section.

26 (5) This section expires on the earliest of the following dates:

27 (a) December 31, 1999, if the conditions for issuance of bonds
28 under RCW 43.99N.020 have not been met before that date;

29 (b) The date on which all bonds issued under RCW 43.99N.020 have
30 been retired; or

31 (c) Twenty-three years after the date the tax authorized under this
32 section is first imposed.

33 **Sec. 308.** RCW 82.14.010 and 1970 ex.s. c 94 s 1 are each amended
34 to read as follows:

35 (1) The legislature finds that the several counties and cities of
36 the state lack adequate sources of revenue to carry out essential
37 county and municipal purposes. The legislature further finds that the

1 most efficient and appropriate methods of deriving revenues for such
2 purposes is to vest additional taxing powers in the governing bodies of
3 counties and cities which they may or may not implement. The
4 legislature intends, by enacting this chapter, to provide the means by
5 which essential county and municipal purposes can be financially served
6 should they choose to employ them.

7 (2) It is the intent of this chapter that any local sales and use
8 tax adopted under the authority of this chapter be identical to the
9 state sales and use tax, unless otherwise prohibited by federal law,
10 and with other local sales and use taxes adopted under the authority of
11 this chapter. It is further the intent of this chapter that the local
12 sales and use tax shall be imposed upon an individual taxable event
13 simultaneously with the imposition of the state sales or use tax upon
14 the same taxable event. The rule-making powers of the department
15 contained in RCW 82.08.060 and 82.32.300 are applicable to this
16 chapter.

17 **Sec. 309.** RCW 82.14.310 and 2005 c 282 s 49 are each amended to
18 read as follows:

19 (1) The county criminal justice assistance account is created in
20 the state treasury. Beginning in fiscal year 2000, the state treasurer
21 shall transfer into the county criminal justice assistance account from
22 the general fund the sum of twenty-three million two hundred thousand
23 dollars divided into four equal deposits occurring on July 1, October
24 1, January 1, and April 1. For each fiscal year thereafter, the state
25 treasurer shall increase the total transfer by the fiscal growth
26 factor, as defined in RCW 43.135.025, forecast for that fiscal year by
27 the office of financial management in November of the preceding year.

28 (2) The moneys deposited in the county criminal justice assistance
29 account for distribution under this section, less any moneys
30 appropriated for purposes under subsection (4) of this section, shall
31 be distributed (~~(at such times as distributions are made under RCW~~
32 ~~82.44.150)) quarterly during the months of January, April, July, and
33 October and on the relative basis of each county's funding factor as
34 determined under this subsection.~~

35 (a) A county's funding factor is the sum of:

36 (i) The population of the county, divided by one thousand, and
37 multiplied by two-tenths;

1 (ii) The crime rate of the county, multiplied by three-tenths; and
2 (iii) The annual number of criminal cases filed in the county
3 superior court, for each one thousand in population, multiplied by
4 five-tenths.

5 (b) Under this section and RCW 82.14.320 and 82.14.330:

6 (i) The population of the county or city shall be as last
7 determined by the office of financial management;

8 (ii) The crime rate of the county or city is the annual occurrence
9 of specified criminal offenses, as calculated in the most recent annual
10 report on crime in Washington state as published by the Washington
11 association of sheriffs and police chiefs, for each one thousand in
12 population;

13 (iii) The annual number of criminal cases filed in the county
14 superior court shall be determined by the most recent annual report of
15 the courts of Washington, as published by the administrative office of
16 the courts;

17 (iv) Distributions and eligibility for distributions in the 1989-91
18 biennium shall be based on 1988 figures for both the crime rate as
19 described under (ii) of this subsection and the annual number of
20 criminal cases that are filed as described under (iii) of this
21 subsection. Future distributions shall be based on the most recent
22 figures for both the crime rate as described under (ii) of this
23 subsection and the annual number of criminal cases that are filed as
24 described under (iii) of this subsection.

25 (3) Moneys distributed under this section shall be expended
26 exclusively for criminal justice purposes and shall not be used to
27 replace or supplant existing funding. Criminal justice purposes are
28 defined as activities that substantially assist the criminal justice
29 system, which may include circumstances where ancillary benefit to the
30 civil or juvenile justice system occurs, and which includes (a)
31 domestic violence services such as those provided by domestic violence
32 programs, community advocates, and legal advocates, as defined in RCW
33 70.123.020, and (b) during the 2001-2003 fiscal biennium, juvenile
34 dispositional hearings relating to petitions for at-risk youth,
35 truancy, and children in need of services. Existing funding for
36 purposes of this subsection is defined as calendar year 1989 actual
37 operating expenditures for criminal justice purposes. Calendar year
38 1989 actual operating expenditures for criminal justice purposes

1 exclude the following: Expenditures for extraordinary events not
2 likely to reoccur, changes in contract provisions for criminal justice
3 services, beyond the control of the local jurisdiction receiving the
4 services, and major nonrecurring capital expenditures.

5 (4) Not more than five percent of the funds deposited to the county
6 criminal justice assistance account shall be available for
7 appropriations for enhancements to the state patrol crime laboratory
8 system and the continuing costs related to these enhancements. Funds
9 appropriated from this account for such enhancements shall not supplant
10 existing funds from the state general fund.

11 **Sec. 310.** RCW 82.14.320 and 1998 c 321 s 12 are each amended to
12 read as follows:

13 (1) The municipal criminal justice assistance account is created in
14 the state treasury. Beginning in fiscal year 2000, the state treasurer
15 shall transfer into the municipal criminal justice assistance account
16 for distribution under this section from the general fund the sum of
17 four million six hundred thousand dollars divided into four equal
18 deposits occurring on July 1, October 1, January 1, and April 1. For
19 each fiscal year thereafter, the state treasurer shall increase the
20 total transfer by the fiscal growth factor, as defined in RCW
21 43.135.025, forecast for that fiscal year by the office of financial
22 management in November of the preceding year.

23 (2) No city may receive a distribution under this section from the
24 municipal criminal justice assistance account unless:

25 (a) The city has a crime rate in excess of one hundred twenty-five
26 percent of the statewide average as calculated in the most recent
27 annual report on crime in Washington state as published by the
28 Washington association of sheriffs and police chiefs;

29 (b) The city has levied the tax authorized in RCW 82.14.030(2) at
30 the maximum rate or the tax authorized in RCW 82.46.010(3) at the
31 maximum rate; and

32 (c) The city has a per capita yield from the tax imposed under RCW
33 82.14.030(1) at the maximum rate of less than one hundred fifty percent
34 of the statewide average per capita yield for all cities from such
35 local sales and use tax.

36 (3) The moneys deposited in the municipal criminal justice
37 assistance account for distribution under this section, less any moneys

1 appropriated for purposes under subsection (7) of this section, shall
2 be distributed (~~(at such times as distributions are made under RCW~~
3 ~~82.44.150)~~) quarterly during the months of January, April, July, and
4 October. The distributions shall be made as follows:

5 (a) Unless reduced by this subsection, thirty percent of the moneys
6 shall be distributed ratably based on population as last determined by
7 the office of financial management to those cities eligible under
8 subsection (2) of this section that have a crime rate determined under
9 subsection (2)(a) of this section which is greater than one hundred
10 seventy-five percent of the statewide average crime rate. No city may
11 receive more than fifty percent of any moneys distributed under this
12 subsection (a) but, if a city distribution is reduced as a result of
13 exceeding the fifty percent limitation, the amount not distributed
14 shall be distributed under (b) of this subsection.

15 (b) The remainder of the moneys, including any moneys not
16 distributed in subsection (2)(a) of this section, shall be distributed
17 to all cities eligible under subsection (2) of this section ratably
18 based on population as last determined by the office of financial
19 management.

20 (4) No city may receive more than thirty percent of all moneys
21 distributed under subsection (3) of this section.

22 (5) Notwithstanding other provisions of this section, the
23 distributions to any city that substantially decriminalizes or repeals
24 its criminal code after July 1, 1990, and that does not reimburse the
25 county for costs associated with criminal cases under RCW 3.50.800 or
26 3.50.805(2), shall be made to the county in which the city is located.

27 (6) Moneys distributed under this section shall be expended
28 exclusively for criminal justice purposes and shall not be used to
29 replace or supplant existing funding. Criminal justice purposes are
30 defined as activities that substantially assist the criminal justice
31 system, which may include circumstances where ancillary benefit to the
32 civil justice system occurs, and which includes domestic violence
33 services such as those provided by domestic violence programs,
34 community advocates, and legal advocates, as defined in RCW 70.123.020,
35 and publications and public educational efforts designed to provide
36 information and assistance to parents in dealing with runaway or at-
37 risk youth. Existing funding for purposes of this subsection is
38 defined as calendar year 1989 actual operating expenditures for

1 criminal justice purposes. Calendar year 1989 actual operating
2 expenditures for criminal justice purposes exclude the following:
3 Expenditures for extraordinary events not likely to reoccur, changes in
4 contract provisions for criminal justice services, beyond the control
5 of the local jurisdiction receiving the services, and major
6 nonrecurring capital expenditures.

7 (7) Not more than five percent of the funds deposited to the
8 municipal criminal justice assistance account shall be available for
9 appropriations for enhancements to the state patrol crime laboratory
10 system and the continuing costs related to these enhancements. Funds
11 appropriated from this account for such enhancements shall not supplant
12 existing funds from the state general fund.

13 **Sec. 311.** RCW 82.14.330 and 2003 c 90 s 1 are each amended to read
14 as follows:

15 (1) Beginning in fiscal year 2000, the state treasurer shall
16 transfer into the municipal criminal justice assistance account for
17 distribution under this section from the general fund the sum of four
18 million six hundred thousand dollars divided into four equal deposits
19 occurring on July 1, October 1, January 1, and April 1. For each
20 fiscal year thereafter, the state treasurer shall increase the total
21 transfer by the fiscal growth factor, as defined in RCW 43.135.025,
22 forecast for that fiscal year by the office of financial management in
23 November of the preceding year. The moneys deposited in the municipal
24 criminal justice assistance account for distribution under this
25 section, less any moneys appropriated for purposes under subsection (4)
26 of this section, shall be distributed to the cities of the state as
27 follows:

28 (a) Twenty percent appropriated for distribution shall be
29 distributed to cities with a three-year average violent crime rate for
30 each one thousand in population in excess of one hundred fifty percent
31 of the statewide three-year average violent crime rate for each one
32 thousand in population. The three-year average violent crime rate
33 shall be calculated using the violent crime rates for each of the
34 preceding three years from the annual reports on crime in Washington
35 state as published by the Washington association of sheriffs and police
36 chiefs. Moneys shall be distributed under this subsection (1)(a)
37 ratably based on population as last determined by the office of

1 financial management, but no city may receive more than one dollar per
2 capita. Moneys remaining undistributed under this subsection at the
3 end of each calendar year shall be distributed to the criminal justice
4 training commission to reimburse participating city law enforcement
5 agencies with ten or fewer full-time commissioned patrol officers the
6 cost of temporary replacement of each officer who is enrolled in basic
7 law enforcement training, as provided in RCW 43.101.200.

8 (b) Sixteen percent shall be distributed to cities ratably based on
9 population as last determined by the office of financial management,
10 but no city may receive less than one thousand dollars.

11 The moneys deposited in the municipal criminal justice assistance
12 account for distribution under this subsection shall be distributed
13 (~~at such times as distributions are made under RCW 82.44.150~~)
14 quarterly during the months of January, April, July, and October.

15 Moneys distributed under this subsection shall be expended
16 exclusively for criminal justice purposes and shall not be used to
17 replace or supplant existing funding. Criminal justice purposes are
18 defined as activities that substantially assist the criminal justice
19 system, which may include circumstances where ancillary benefit to the
20 civil justice system occurs, and which includes domestic violence
21 services such as those provided by domestic violence programs,
22 community advocates, and legal advocates, as defined in RCW 70.123.020.
23 Existing funding for purposes of this subsection is defined as calendar
24 year 1989 actual operating expenditures for criminal justice purposes.
25 Calendar year 1989 actual operating expenditures for criminal justice
26 purposes exclude the following: Expenditures for extraordinary events
27 not likely to reoccur, changes in contract provisions for criminal
28 justice services, beyond the control of the local jurisdiction
29 receiving the services, and major nonrecurring capital expenditures.

30 (2) In addition to the distributions under subsection (1) of this
31 section:

32 (a) Ten percent shall be distributed on a per capita basis to
33 cities that contract with another governmental agency for the majority
34 of the city's law enforcement services. Cities that subsequently
35 qualify for this distribution shall notify the department of community,
36 trade, and economic development by November 30th for the upcoming
37 calendar year. The department of community, trade, and economic
38 development shall provide a list of eligible cities to the state

1 treasurer by December 31st. The state treasurer shall modify the
2 distribution of these funds in the following year. Cities have the
3 responsibility to notify the department of community, trade, and
4 economic development of any changes regarding these contractual
5 relationships. Adjustments in the distribution formula to add or
6 delete cities may be made only for the upcoming calendar year; no
7 adjustments may be made retroactively.

8 (b) The remaining fifty-four percent shall be distributed to cities
9 and towns by the state treasurer on a per capita basis. These funds
10 shall be used for: (i) Innovative law enforcement strategies; (ii)
11 programs to help at-risk children or child abuse victim response
12 programs; and (iii) programs designed to reduce the level of domestic
13 violence or to provide counseling for domestic violence victims.

14 The moneys deposited in the municipal criminal justice assistance
15 account for distribution under this subsection, less any moneys
16 appropriated for purposes under subsection (4) of this section, shall
17 be distributed (~~((at the times as distributions are made under RCW~~
18 ~~82.44.150))~~ quarterly during the months of January, April, July, and
19 October. Moneys remaining undistributed under this subsection at the
20 end of each calendar year shall be distributed to the criminal justice
21 training commission to reimburse participating city law enforcement
22 agencies with ten or fewer full-time commissioned patrol officers the
23 cost of temporary replacement of each officer who is enrolled in basic
24 law enforcement training, as provided in RCW 43.101.200.

25 If a city is found by the state auditor to have expended funds
26 received under this subsection in a manner that does not comply with
27 the criteria under which the moneys were received, the city shall be
28 ineligible to receive future distributions under this subsection until
29 the use of the moneys are justified to the satisfaction of the director
30 or are repaid to the state general fund.

31 (3) Notwithstanding other provisions of this section, the
32 distributions to any city that substantially decriminalizes or repeals
33 its criminal code after July 1, 1990, and that does not reimburse the
34 county for costs associated with criminal cases under RCW 3.50.800 or
35 3.50.805(2), shall be made to the county in which the city is located.

36 (4) Not more than five percent of the funds deposited to the
37 municipal criminal justice assistance account shall be available for
38 appropriations for enhancements to the state patrol crime laboratory

1 system and the continuing costs related to these enhancements. Funds
2 appropriated from this account for such enhancements shall not supplant
3 existing funds from the state general fund.

4 **Sec. 312.** RCW 82.14.340 and 1995 c 309 s 1 are each amended to
5 read as follows:

6 (1) The legislative authority of any county may (~~fix and~~) impose
7 a sales and use tax in accordance with the terms of this chapter,
8 provided that such sales and use tax is subject to repeal by
9 referendum, using the procedures provided in RCW 82.14.036. The
10 referendum procedure provided in RCW 82.14.036 is the exclusive method
11 for subjecting any county sales and use tax ordinance or resolution to
12 a referendum vote.

13 (2) The tax authorized in this section shall be in addition to any
14 other taxes authorized by law and shall be collected from those persons
15 who are taxable by the state pursuant to chapters 82.08 and 82.12 RCW
16 upon the occurrence of any taxable event within such county. The rate
17 of tax shall equal one-tenth of one percent (~~of the selling price (in
18 the case of a sales tax) or value of the article used (in the case of
19 a use tax)~~)).

20 (3) When distributing moneys collected under the authority of this
21 section, the state treasurer shall distribute ten percent of the moneys
22 to the county in which the tax was collected. The remainder of the
23 moneys collected under the authority of this section shall be
24 distributed to the county and the cities within the county ratably
25 based on population as last determined by the office of financial
26 management. In making the distribution based on population, the county
27 shall receive that proportion that the unincorporated population of the
28 county bears to the total population of the county and each city shall
29 receive that proportion that the city incorporated population bears to
30 the total county population.

31 (4) Moneys received from any tax imposed under the authority of
32 this section shall be expended exclusively for criminal justice
33 purposes and shall not be used to replace or supplant existing funding.
34 Criminal justice purposes are defined as activities that substantially
35 assist the criminal justice system, which may include circumstances
36 where ancillary benefit to the civil justice system occurs, and which
37 includes domestic violence services such as those provided by domestic

1 violence programs, community advocates, and legal advocates, as defined
2 in RCW 70.123.020. Existing funding for purposes of this subsection is
3 defined as calendar year 1989 actual operating expenditures for
4 criminal justice purposes. Calendar year 1989 actual operating
5 expenditures for criminal justice purposes exclude the following:
6 Expenditures for extraordinary events not likely to reoccur, changes in
7 contract provisions for criminal justice services, beyond the control
8 of the local jurisdiction receiving the services, and major
9 nonrecurring capital expenditures.

10 (5) In the expenditure of funds for criminal justice purposes as
11 provided in this section, cities and counties, or any combination
12 thereof, are expressly authorized to participate in agreements,
13 pursuant to chapter 39.34 RCW, to jointly expend funds for criminal
14 justice purposes of mutual benefit. Such criminal justice purposes of
15 mutual benefit include, but are not limited to, the construction,
16 improvement, and expansion of jails, court facilities, and juvenile
17 justice facilities.

18 **Sec. 313.** RCW 82.14.350 and 1995 2nd sp.s. c 10 s 1 are each
19 amended to read as follows:

20 (1) A county legislative authority in a county with a population of
21 less than one million may submit an authorizing proposition to the
22 county voters, and if the proposition is approved by a majority of
23 persons voting, (~~fix and~~) impose a sales and use tax in accordance
24 with the terms of this chapter for the purposes designated in
25 subsection (3) of this section.

26 (2) The tax authorized in this section shall be in addition to any
27 other taxes authorized by law and shall be collected from those persons
28 who are taxable by the state under chapters 82.08 and 82.12 RCW upon
29 the occurrence of any taxable event within the county. The rate of tax
30 shall equal one-tenth of one percent (~~of the selling price in the case
31 of a sales tax, or value of the article used, in the case of a use
32 tax~~)).

33 (3) Moneys received from any tax imposed under the authority of
34 this section shall be used solely for the purpose of providing funds
35 for costs associated with financing, design, acquisition, construction,
36 equipping, operating, maintaining, remodeling, repairing, reequipping,
37 and improvement of juvenile detention facilities and jails.

1 (4) Counties are authorized to develop joint ventures to colocate
2 juvenile detention facilities and to colocate jails.

3 **Sec. 314.** RCW 82.14.360 and 2000 c 103 s 10 are each amended to
4 read as follows:

5 (1) The legislative authority of a county with a population of one
6 million or more may impose a special stadium sales and use tax upon the
7 retail sale or use within the county by restaurants, taverns, and bars
8 of food and beverages that are taxable by the state under chapters
9 82.08 and 82.12 RCW. The rate of the tax shall not exceed five-tenths
10 of one percent (~~((of the selling price in the case of a sales tax, or
11 value of the article used in the case of a use tax))~~). The tax
12 (~~((imposed))~~) authorized under this subsection is in addition to any
13 other taxes authorized by law and shall not be credited against any
14 other tax imposed upon the same taxable event. As used in this
15 section, "restaurant" does not include grocery stores, mini-markets, or
16 convenience stores.

17 (2) The legislative authority of a county with a population of one
18 million or more may impose a special stadium sales and use tax upon
19 retail car rentals within the county that are taxable by the state
20 under chapters 82.08 and 82.12 RCW. The rate of the tax shall not
21 exceed two percent (~~((of the selling price in the case of a sales tax,
22 or rental value of the vehicle in the case of a use tax))~~). The tax
23 (~~((imposed))~~) authorized under this subsection is in addition to any
24 other taxes authorized by law and shall not be credited against any
25 other tax imposed upon the same taxable event.

26 (3) The revenue from the taxes imposed under the authority of this
27 section shall be used for the purpose of principal and interest
28 payments on bonds, issued by the county, to acquire, construct, own,
29 remodel, maintain, equip, reequip, repair, and operate a baseball
30 stadium. Revenues from the taxes authorized in this section may be
31 used for design and other preconstruction costs of the baseball stadium
32 until bonds are issued for the baseball stadium. The county shall
33 issue bonds, in an amount determined to be necessary by the public
34 facilities district, for the district to acquire, construct, own, and
35 equip the baseball stadium. The county shall have no obligation to
36 issue bonds in an amount greater than that which would be supported by
37 the tax revenues under this section, RCW 82.14.0485, and 36.38.010(4)

1 (a) and (b). If the revenue from the taxes imposed under the authority
2 of this section exceeds the amount needed for such principal and
3 interest payments in any year, the excess shall be used solely:

4 (a) For early retirement of the bonds issued for the baseball
5 stadium; and

6 (b) If the revenue from the taxes imposed under this section
7 exceeds the amount needed for the purposes in (a) of this subsection in
8 any year, the excess shall be placed in a contingency fund which may
9 only be used to pay unanticipated capital costs on the baseball
10 stadium, excluding any cost overruns on initial construction.

11 ~~(4) ((The taxes authorized under this section shall not be~~
12 ~~collected after June 30, 1997, unless the county executive has~~
13 ~~certified to the department of revenue that a professional major league~~
14 ~~baseball team has made a binding and legally enforceable contractual~~
15 ~~commitment to:~~

16 ~~(a) Play at least ninety percent of its home games in the stadium~~
17 ~~for a period of time not shorter than the term of the bonds issued to~~
18 ~~finance the initial construction of the stadium;~~

19 ~~(b) Contribute forty five million dollars toward the reasonably~~
20 ~~necessary preconstruction costs including, but not limited to~~
21 ~~architectural, engineering, environmental, and legal services, and the~~
22 ~~cost of construction of the stadium, or to any associated public~~
23 ~~purpose separate from bond financed property, including without~~
24 ~~limitation land acquisition, parking facilities, equipment,~~
25 ~~infrastructure, or other similar costs associated with the project,~~
26 ~~which contribution shall be made during a term not to exceed the term~~
27 ~~of the bonds issued to finance the initial construction of the stadium.~~
28 ~~If all or part of the contribution is made after the date of issuance~~
29 ~~of the bonds, the team shall contribute an additional amount equal to~~
30 ~~the accruing interest on the deferred portion of the contribution,~~
31 ~~calculated at the interest rate on the bonds maturing in the year in~~
32 ~~which the deferred contribution is made. No part of the contribution~~
33 ~~may be made without the consent of the county until a public facilities~~
34 ~~district is created under chapter 36.100 RCW to acquire, construct,~~
35 ~~own, remodel, maintain, equip, reequip, repair, and operate a baseball~~
36 ~~stadium. To the extent possible, contributions shall be structured in~~
37 ~~a manner that would allow for the issuance of bonds to construct the~~
38 ~~stadium that are exempt from federal income taxes; and~~

1 ~~(c) Share a portion of the profits generated by the baseball team~~
2 ~~from the operation of the professional franchise for a period of time~~
3 ~~equal to the term of the bonds issued to finance the initial~~
4 ~~construction of the stadium, after offsetting any losses incurred by~~
5 ~~the baseball team after the effective date of chapter 14, Laws of 1995~~
6 ~~1st sp. sess. Such profits and the portion to be shared shall be~~
7 ~~defined by agreement between the public facilities district and the~~
8 ~~baseball team. The shared profits shall be used to retire the bonds~~
9 ~~issued to finance the initial construction of the stadium. If the~~
10 ~~bonds are retired before the expiration of their term, the shared~~
11 ~~profits shall be paid to the public facilities district.~~

12 ~~(5) No tax may be collected under this section before January 1,~~
13 ~~1996. Before collecting the taxes under this section or issuing bonds~~
14 ~~for a baseball stadium, the county shall create a public facilities~~
15 ~~district under chapter 36.100 RCW to acquire, construct, own, remodel,~~
16 ~~maintain, equip, reequip, repair, and operate a baseball stadium.~~

17 ~~(6) The county shall assemble such real property as the district~~
18 ~~determines to be necessary as a site for the baseball stadium.~~
19 ~~Property which is necessary for this purpose that is owned by the~~
20 ~~county on October 17, 1995, shall be contributed to the district, and~~
21 ~~property which is necessary for this purpose that is acquired by the~~
22 ~~county on or after October 17, 1995, shall be conveyed to the district.~~

23 ~~(7)) The proceeds of any bonds issued for the baseball stadium~~
24 ~~shall be provided to the district.~~

25 ~~((8)) (5) As used in this section, "baseball stadium" means~~
26 ~~"baseball stadium" as defined in RCW 82.14.0485.~~

27 ~~((9)) (6) The taxes imposed under the authority of this section~~
28 ~~shall expire when the bonds issued for the construction of the baseball~~
29 ~~stadium are retired, but not later than twenty years after the taxes~~
30 ~~are first collected.~~

31 **Sec. 315.** RCW 82.14.370 and 2004 c 130 s 2 are each amended to
32 read as follows:

33 (1) The legislative authority of a rural county may impose a sales
34 and use tax in accordance with the terms of this chapter. The tax is
35 in addition to other taxes authorized by law and shall be collected
36 from those persons who are taxable by the state under chapters 82.08
37 and 82.12 RCW upon the occurrence of any taxable event within the

1 county. The rate of tax shall not exceed 0.08 percent (~~(of the selling~~
2 ~~price in the case of a sales tax or value of the article used in the~~
3 ~~case of a use tax)), except that for rural counties with population~~

4 densities between sixty and one hundred persons per square mile, the
5 rate shall not exceed 0.04 percent before January 1, 2000.
6 (2) The tax (~~(imposed)~~) authorized under subsection (1) of this
7 section (~~(shall be deducted from the amount of tax otherwise required~~
8 ~~to be collected or paid over to the department of revenue)~~) is a credit
9 against the state tax under chapter 82.08 or 82.12 RCW. The department
10 of revenue shall perform the collection of such taxes on behalf of the
11 county at no cost to the county and shall remit the tax to the county
12 as provided in RCW 82.14.060.

13 (3)(a) Moneys collected under the authority of this section shall
14 only be used to finance public facilities serving economic development
15 purposes in rural counties. The public facility must be listed as an
16 item in the officially adopted county overall economic development
17 plan, or the economic development section of the county's comprehensive
18 plan, or the comprehensive plan of a city or town located within the
19 county for those counties planning under RCW 36.70A.040. For those
20 counties that do not have an adopted overall economic development plan
21 and do not plan under the growth management act, the public facility
22 must be listed in the county's capital facilities plan or the capital
23 facilities plan of a city or town located within the county.

24 (b) In implementing this section, the county shall consult with
25 cities, towns, and port districts located within the county and the
26 associate development organization serving the county to ensure that
27 the expenditure meets the goals of chapter 130, Laws of 2004 and the
28 requirements of (a) of this subsection. Each county collecting money
29 under the authority of this section shall report to the office of the
30 state auditor, no later than October 1st of each year, a list of new
31 projects from the prior fiscal year, showing that the county has used
32 the funds for those projects consistent with the goals of chapter 130,
33 Laws of 2004 and the requirements of (a) of this subsection. Any
34 projects financed prior to June 10, 2004, from the proceeds of
35 obligations to which the tax imposed under the authority of subsection
36 (1) of this section has been pledged shall not be deemed to be new
37 projects under this subsection.

1 (c) For the purposes of this section, (i) "public facilities" means
2 bridges, roads, domestic and industrial water facilities, sanitary
3 sewer facilities, earth stabilization, storm sewer facilities,
4 railroad, electricity, natural gas, buildings, structures,
5 telecommunications infrastructure, transportation infrastructure, or
6 commercial infrastructure, and port facilities in the state of
7 Washington; and (ii) "economic development purposes" means those
8 purposes which facilitate the creation or retention of businesses and
9 jobs in a county.

10 (4) No tax may be collected under the authority of this section
11 before July 1, 1998. No tax may be collected under the authority of
12 this section by a county more than twenty-five years after the date
13 that a tax is first imposed under this section.

14 (5) For purposes of this section, "rural county" means a county
15 with a population density of less than one hundred persons per square
16 mile or a county smaller than two hundred twenty-five square miles as
17 determined by the office of financial management and published each
18 year by the department for the period July 1st to June 30th.

19 **Sec. 316.** RCW 82.14.390 and 2002 c 363 s 4 are each amended to
20 read as follows:

21 (1) Except as provided in subsection (6) of this section, the
22 governing body of a public facilities district created before July 31,
23 2002, under chapter 35.57 or 36.100 RCW that commences construction of
24 a new regional center, or improvement or rehabilitation of an existing
25 new regional center, before January 1, 2004, may impose a sales and use
26 tax in accordance with the terms of this chapter. The tax is in
27 addition to other taxes authorized by law and shall be collected from
28 those persons who are taxable by the state under chapters 82.08 and
29 82.12 RCW upon the occurrence of any taxable event within the public
30 facilities district. The rate of tax shall not exceed 0.033 percent
31 (~~of the selling price in the case of a sales tax or value of the~~
32 ~~article used in the case of a use tax)).~~

33 (2) The tax (~~imposed~~) authorized under subsection (1) of this
34 section (~~shall be deducted from the amount of tax otherwise required~~
35 ~~to be collected or paid over to the department of revenue)) is a credit
36 against the state tax under chapter 82.08 or 82.12 RCW. The department~~

1 of revenue shall perform the collection of such taxes on behalf of the
2 county at no cost to the public facilities district and shall remit the
3 tax to the district as provided in RCW 82.14.060.

4 (3) (~~No tax may be collected under this section before August 1,~~
5 ~~2000.~~) The tax imposed (~~in~~) under the authority of this section
6 shall expire when the bonds issued for the construction of the regional
7 center and related parking facilities are retired, but not more than
8 twenty-five years after the tax is first collected.

9 (4) Moneys collected under the authority of this section shall only
10 be used for the purposes set forth in RCW 35.57.020 and must be matched
11 with an amount from other public or private sources equal to thirty-
12 three percent of the amount collected under the authority of this
13 section, provided that amounts generated from nonvoter approved taxes
14 authorized under chapter 35.57 RCW or nonvoter approved taxes
15 authorized under chapter 36.100 RCW shall not constitute a public or
16 private source. For the purpose of this section, public or private
17 sources includes, but is not limited to cash or in-kind contributions
18 used in all phases of the development or improvement of the regional
19 center, land that is donated and used for the siting of the regional
20 center, cash or in-kind contributions from public or private
21 foundations, or amounts attributed to private sector partners as part
22 of a public and private partnership agreement negotiated by the public
23 facilities district.

24 (5) The combined total tax (~~levied~~) imposed under the authority
25 of this section shall not be greater than 0.033 percent. If both a
26 public facilities district created under chapter 35.57 RCW and a public
27 facilities district created under chapter 36.100 RCW impose a tax under
28 the authority of this section, the tax imposed by a public facilities
29 district created under chapter 35.57 RCW shall be credited against the
30 tax imposed by a public facilities district created under chapter
31 36.100 RCW.

32 (6) A public facilities district created under chapter 36.100 RCW
33 is not eligible to impose the tax authorized under this section if the
34 legislative authority of the county where the public facilities
35 district is located has imposed a sales and use tax under RCW
36 82.14.0485 or 82.14.0494.

1 **Sec. 317.** RCW 82.14.400 and 2000 c 240 s 1 are each amended to
2 read as follows:

3 (1) Upon the joint request of a metropolitan park district, a city
4 with a population of more than one hundred fifty thousand, and a county
5 legislative authority in a county with a national park and a population
6 of more than five hundred thousand and less than one million five
7 hundred thousand, the county shall submit an authorizing proposition to
8 the county voters, (~~fixing and~~) imposing a sales and use tax in
9 accordance with this chapter for the purposes designated in subsection
10 (4) of this section and identified in the joint request. Such
11 proposition must be placed on a ballot for a special or general
12 election to be held no later than one year after the date of the joint
13 request.

14 (2) The proposition is approved if it receives the votes of a
15 majority of those voting on the proposition.

16 (3) The tax authorized in this section is in addition to any other
17 taxes authorized by law and shall be collected from those persons who
18 are taxable by the state under chapters 82.08 and 82.12 RCW upon the
19 occurrence of any taxable event within the county. The rate of tax
20 shall equal no more than one-tenth of one percent (~~of the selling
21 price in the case of a sales tax, or value of the article used, in the
22 case of a use tax~~).

23 (4) Moneys received from any tax imposed under the authority of
24 this section shall be used solely for the purpose of providing funds
25 for:

26 (a) Costs associated with financing, design, acquisition,
27 construction, equipping, operating, maintaining, remodeling, repairing,
28 reequipping, or improvement of zoo, aquarium, and wildlife preservation
29 and display facilities that are currently accredited by the American
30 zoo and aquarium association; or

31 (b) Those costs associated with (a) of this subsection and costs
32 related to parks located within a county described in subsection (1) of
33 this section.

34 (5) The department of revenue shall perform the collection of such
35 taxes on behalf of the county at no cost to the county. In lieu of the
36 charge for the administration and collection of local sales and use
37 taxes under RCW 82.14.050 from which the county is exempt under this
38 subsection (5), a percentage of the tax revenues authorized by this

1 section equal to one-half of the maximum percentage provided in RCW
2 82.14.050 shall be transferred annually to the department of community,
3 trade, and economic development, or its successor agency, from the
4 funds allocated under subsection (6)(b) of this section for a period of
5 twelve years from the first date of distribution of funds under
6 subsection (6)(b) of this section. The department of community, trade,
7 and economic development, or its successor agency, shall use funds
8 transferred to it pursuant to this subsection (5) to provide, operate,
9 and maintain community-based housing under chapter 43.185 RCW for
10 persons who are mentally ill.

11 (6) If the joint request and the authorizing proposition include
12 provisions for funding those costs included within subsection (4)(b) of
13 this section, the tax revenues authorized by this section shall be
14 allocated annually as follows:

15 (a) Fifty percent to the zoo and aquarium advisory authority; and

16 (b) Fifty percent to be distributed on a per capita basis as set
17 out in the most recent population figures for unincorporated and
18 incorporated areas only within that county, as determined by the office
19 of financial management, solely for parks, as follows: To any
20 metropolitan park district, to cities and towns not contained within a
21 metropolitan park district, and the remainder to the county. Moneys
22 received under this subsection (6)(b) by a county may not be used to
23 replace or supplant existing per capita funding.

24 (7) Funds shall be distributed annually by the county treasurer to
25 the county, and cities and towns located within the county, in the
26 manner set out in subsection (6)(b) of this section.

27 (8) Prior to expenditure of any funds received by the county under
28 subsection (6)(b) of this section, the county shall establish a process
29 which considers needs throughout the unincorporated areas of the county
30 in consultation with community advisory councils established by
31 ordinance.

32 (9) By December 31, 2005, and thereafter, the county or any city
33 with a population greater than eighty thousand must provide at least
34 one dollar match for every two dollars received under this section.

35 (10) Properties subject to a memorandum of agreement between the
36 federal bureau of land management, the advisory council on historic
37 preservation, and the Washington state historic preservation officer

1 have priority for funding from money received under subsection (6)(b)
2 of this section for implementation of the stipulations in the
3 memorandum of agreement.

4 (a) At least one hundred thousand dollars of the first four years
5 of allocations under subsection (6)(b) of this section, to be matched
6 by the county or city with one dollar for every two dollars received,
7 shall be used to implement the stipulations of the memorandum of
8 agreement and for other historical, archaeological, architectural, and
9 cultural preservation and improvements related to the properties.

10 (b) The amount in (a) of this subsection shall come equally from
11 the allocations to the county and to the city in which the properties
12 are located, unless otherwise agreed to by the county and the city.

13 (c) The amount in (a) of this subsection shall not be construed to
14 displace or be offered in lieu of any lease payment from a county or
15 city to the state for the properties in question.

16 **Sec. 318.** RCW 82.14.420 and 2002 c 176 s 1 are each amended to
17 read as follows:

18 (1) A county legislative authority may submit an authorizing
19 proposition to the county voters, and if the proposition is approved by
20 a majority of persons voting, ~~((fix and))~~ impose a sales and use tax in
21 accordance with the terms of this chapter for the purposes designated
22 in subsection (3) of this section.

23 (2) The tax authorized in this section shall be in addition to any
24 other taxes authorized by law and shall be collected from those persons
25 who are taxable by the state under chapters 82.08 and 82.12 RCW upon
26 the occurrence of any taxable event within the county. The rate of tax
27 shall equal one-tenth of one percent ~~((of the selling price in the case
28 of sales tax, or value of the article used, in the case of a use tax))~~.

29 (3) Moneys received from any tax imposed under the authority of
30 this section shall be used solely for the purpose of providing funds
31 for costs associated with financing, design, acquisition, construction,
32 equipping, operating, maintaining, remodeling, repairing, reequipping,
33 and improvement of emergency communication systems and facilities.

34 (4) Counties are authorized to develop joint ventures to collocate
35 emergency communication systems and facilities.

36 (5) Prior to submitting the tax authorization in subsection (2) of
37 this section to the voters in a county that provides emergency

1 communication services to a governmental agency pursuant to a contract,
2 the parties to the contract shall review and negotiate or affirm the
3 terms of the contract.

4 (6) Prior to submitting the tax authorized in subsection (2) of
5 this section to the voters, a county with a population of more than
6 five hundred thousand in which any city over fifty thousand operates
7 emergency communication systems and facilities shall enter into an
8 interlocal agreement with the city to determine distribution of the
9 revenue provided in this section.

10 **Sec. 319.** RCW 82.14.430 and 2002 c 56 s 405 are each amended to
11 read as follows:

12 (1) If approved by the majority of the voters within its boundaries
13 voting on the ballot proposition, a regional transportation investment
14 district may impose a sales and use tax of up to 0.5 percent (~~of the~~
15 ~~selling price or value of the article used in the case of a use tax~~).
16 The tax authorized by this section is in addition to the tax authorized
17 by RCW 82.14.030 and must be collected from those persons who are
18 taxable by the state under chapters 82.08 and 82.12 RCW upon the
19 occurrence of any taxable event within the taxing district. Motor
20 vehicles are exempt from the sales and use tax imposed under this
21 subsection.

22 (2) If approved by the majority of the voters within its boundaries
23 voting on the ballot proposition, a regional transportation investment
24 district may impose a tax on the use of a motor vehicle within a
25 regional transportation investment district. The tax applies to those
26 persons who reside within the regional transportation investment
27 district. The rate of the tax may not exceed 0.5 percent (~~of the~~
28 ~~value of the motor vehicle~~). The tax authorized by this subsection is
29 in addition to the tax authorized under RCW 82.14.030 and must be
30 imposed and collected at the time a taxable event under RCW
31 82.08.020(1) or 82.12.020 takes place. All revenue received under this
32 subsection must be deposited in the local sales and use tax account and
33 distributed to the regional transportation investment district
34 according to RCW 82.14.050. The following provisions apply to the use
35 tax in this subsection:

36 (a) Where persons are taxable under chapter 82.08 RCW, the seller

1 shall collect the use tax from the buyer using the collection
2 provisions of RCW 82.08.050.

3 (b) Where persons are taxable under chapter 82.12 RCW, the use tax
4 must be collected using the provisions of RCW 82.12.045.

5 (c) "Motor vehicle" has the meaning provided in RCW 46.04.320, but
6 does not include farm tractors or farm vehicles as defined in RCW
7 46.04.180 and 46.04.181, off-road and nonhighway vehicles as defined in
8 RCW 46.09.020, and snowmobiles as defined in RCW 46.10.010.

9 (d) "Person" has the meaning given in RCW 82.04.030.

10 (e) The value of a motor vehicle must be determined under RCW
11 82.12.010.

12 (f) Except as specifically stated in this subsection (2), chapters
13 82.12 and 82.32 RCW apply to the use tax. The use tax is a local tax
14 imposed under the authority of this chapter (~~((82.14 RCW))~~), and this
15 chapter (~~((82.14 RCW))~~) applies fully to the use tax.

16 **Sec. 320.** RCW 82.14.440 and 2003 c 83 s 207 are each amended to
17 read as follows:

18 (1) Public transportation benefit areas providing passenger-only
19 ferry service as provided in RCW 36.57A.200 whose boundaries (~~((+1))~~)
20 (a) are on the Puget Sound, but (~~((+2))~~) (b) do not include an area
21 where a regional transit authority has been formed, may submit an
22 authorizing proposition to the voters and, if approved by a majority of
23 persons voting, (~~((fix and))~~) impose a sales and use tax in accordance
24 with the terms of this chapter, solely for the purpose of providing
25 passenger-only ferry service.

26 (2) The tax authorized by this section is in addition to other
27 taxes authorized by law and must be collected from those persons who
28 are taxable by the state under chapters 82.08 and 82.12 RCW upon the
29 occurrence of a taxable event within the taxing district. The maximum
30 rate of the tax must be approved by the voters and may not exceed four-
31 tenths of one percent (~~((of the selling price in the case of a sales tax
32 or value of the article used in the case of a use tax))~~).

33 **Sec. 321.** RCW 82.14.450 and 2003 1st sp.s. c 24 s 2 are each
34 amended to read as follows:

35 (1) A county legislative authority may submit an authorizing
36 proposition to the county voters at a primary or general election and,

1 if the proposition is approved by a majority of persons voting, impose
2 a sales and use tax in accordance with the terms of this chapter. The
3 title of each ballot measure must clearly state the purposes for which
4 the proposed sales and use tax will be used. Funds raised under this
5 tax shall not supplant existing funds used for these purposes. The
6 rate of tax authorized under this section shall not exceed three-tenths
7 of one percent (~~of the selling price in the case of a sales tax, or~~
8 ~~value of the article used, in the case of a use tax~~)).

9 (2) The tax authorized in this section is in addition to any other
10 taxes authorized by law and shall be collected from those persons who
11 are taxable by the state under chapters 82.08 and 82.12 RCW upon the
12 occurrence of any taxable event within the county.

13 (3) The retail sale or use of motor vehicles, and the lease of
14 motor vehicles for up to the first thirty-six months of the lease, are
15 exempt from tax imposed under this section.

16 (4) One-third of all money received under this section shall be
17 used solely for criminal justice purposes. For the purposes of this
18 subsection, "criminal justice purposes" means additional police
19 protection, mitigation of congested court systems, or relief of
20 overcrowded jails or other local correctional facilities.

21 (5) Money received under the authority of this section shall be
22 shared between the county and the cities as follows: Sixty percent
23 shall be retained by the county and forty percent shall be distributed
24 on a per capita basis to cities in the county.

25 **Sec. 322.** RCW 82.14.460 and 2005 c 504 s 804 are each amended to
26 read as follows:

27 (1) A county legislative authority may (~~authorize, fix, and~~)
28 impose a sales and use tax in accordance with the terms of this
29 chapter.

30 (2) The tax authorized in this section shall be in addition to any
31 other taxes authorized by law and shall be collected from those persons
32 who are taxable by the state under chapters 82.08 and 82.12 RCW upon
33 the occurrence of any taxable event within the county. The rate of tax
34 shall equal one-tenth of one percent (~~of the selling price in the case~~
35 ~~of a sales tax, or value of the article used, in the case of a use~~
36 ~~tax~~)).

1 (3) Moneys collected under the authority of this section shall be
2 used solely for the purpose of providing new or expanded chemical
3 dependency or mental health treatment services and for the operation of
4 new or expanded therapeutic court programs. Moneys collected under the
5 authority of this section shall not be used to supplant existing
6 funding for these purposes.

7 NEW SECTION. **Sec. 323.** (1) Any fund balance remaining in the
8 county sales and use tax equalization account, the municipal sales and
9 use tax equalization account, the distressed county assistance account,
10 and the city police and fire protection assistance account, as of July
11 1, 2006, shall be transferred by the state treasurer into the
12 city-county assistance account. The county sales and use tax
13 equalization account, the municipal sales and use tax equalization
14 account, the distressed county assistance account, and the city police
15 and fire protection assistance account shall cease to exist after July
16 1, 2006.

17 (2) Any loan repayments of funds borrowed from the municipal sales
18 and use tax equalization account under RCW 35.02.135 shall be deposited
19 by the state treasurer into the city-county assistance account.

20 **Sec. 324.** RCW 43.84.092 and 2005 c 514 s 1106, 2005 c 353 s 4,
21 2005 c 339 s 23, 2005 c 314 s 110, 2005 c 312 s 8, and 2005 c 94 s 2
22 are each reenacted and amended to read as follows:

23 (1) All earnings of investments of surplus balances in the state
24 treasury shall be deposited to the treasury income account, which
25 account is hereby established in the state treasury.

26 (2) The treasury income account shall be utilized to pay or receive
27 funds associated with federal programs as required by the federal cash
28 management improvement act of 1990. The treasury income account is
29 subject in all respects to chapter 43.88 RCW, but no appropriation is
30 required for refunds or allocations of interest earnings required by
31 the cash management improvement act. Refunds of interest to the
32 federal treasury required under the cash management improvement act
33 fall under RCW 43.88.180 and shall not require appropriation. The
34 office of financial management shall determine the amounts due to or
35 from the federal government pursuant to the cash management improvement
36 act. The office of financial management may direct transfers of funds

1 between accounts as deemed necessary to implement the provisions of the
2 cash management improvement act, and this subsection. Refunds or
3 allocations shall occur prior to the distributions of earnings set
4 forth in subsection (4) of this section.

5 (3) Except for the provisions of RCW 43.84.160, the treasury income
6 account may be utilized for the payment of purchased banking services
7 on behalf of treasury funds including, but not limited to, depository,
8 safekeeping, and disbursement functions for the state treasury and
9 affected state agencies. The treasury income account is subject in all
10 respects to chapter 43.88 RCW, but no appropriation is required for
11 payments to financial institutions. Payments shall occur prior to
12 distribution of earnings set forth in subsection (4) of this section.

13 (4) Monthly, the state treasurer shall distribute the earnings
14 credited to the treasury income account. The state treasurer shall
15 credit the general fund with all the earnings credited to the treasury
16 income account except:

17 (a) The following accounts and funds shall receive their
18 proportionate share of earnings based upon each account's and fund's
19 average daily balance for the period: The capitol building
20 construction account, the Cedar River channel construction and
21 operation account, the Central Washington University capital projects
22 account, the charitable, educational, penal and reformatory
23 institutions account, the common school construction fund, the county
24 criminal justice assistance account, (~~the county sales and use tax
25 equalization account,~~) the data processing building construction
26 account, the deferred compensation administrative account, the deferred
27 compensation principal account, the department of retirement systems
28 expense account, the developmental disabilities community trust
29 account, the drinking water assistance account, the drinking water
30 assistance administrative account, the drinking water assistance
31 repayment account, the Eastern Washington University capital projects
32 account, the education construction fund, the education legacy trust
33 account, the election account, the emergency reserve fund, The
34 Evergreen State College capital projects account, the federal forest
35 revolving account, the freight mobility investment account, the health
36 services account, the public health services account, the health system
37 capacity account, the personal health services account, the state
38 higher education construction account, the higher education

1 construction account, the highway infrastructure account, the high-
2 occupancy toll lanes operations account, the industrial insurance
3 premium refund account, the judges' retirement account, the judicial
4 retirement administrative account, the judicial retirement principal
5 account, the local leasehold excise tax account, the local real estate
6 excise tax account, the local sales and use tax account, the medical
7 aid account, the mobile home park relocation fund, the multimodal
8 transportation account, the municipal criminal justice assistance
9 account, (~~the municipal sales and use tax equalization account,~~) the
10 natural resources deposit account, the oyster reserve land account, the
11 perpetual surveillance and maintenance account, the public employees'
12 retirement system plan 1 account, the public employees' retirement
13 system combined plan 2 and plan 3 account, the public facilities
14 construction loan revolving account beginning July 1, 2004, the public
15 health supplemental account, the public works assistance account, the
16 Puyallup tribal settlement account, the real estate appraiser
17 commission account, the regional transportation investment district
18 account, the resource management cost account, the rural Washington
19 loan fund, the site closure account, the small city pavement and
20 sidewalk account, the special wildlife account, the state employees'
21 insurance account, the state employees' insurance reserve account, the
22 state investment board expense account, the state investment board
23 commingled trust fund accounts, the supplemental pension account, the
24 Tacoma Narrows toll bridge account, the teachers' retirement system
25 plan 1 account, the teachers' retirement system combined plan 2 and
26 plan 3 account, the tobacco prevention and control account, the tobacco
27 settlement account, the transportation infrastructure account, the
28 transportation partnership account, the tuition recovery trust fund,
29 the University of Washington bond retirement fund, the University of
30 Washington building account, the volunteer fire fighters' and reserve
31 officers' relief and pension principal fund, the volunteer fire
32 fighters' and reserve officers' administrative fund, the Washington
33 fruit express account, the Washington judicial retirement system
34 account, the Washington law enforcement officers' and fire fighters'
35 system plan 1 retirement account, the Washington law enforcement
36 officers' and fire fighters' system plan 2 retirement account, the
37 Washington public safety employees' plan 2 retirement account, the
38 Washington school employees' retirement system combined plan 2 and 3

1 account, the Washington state health insurance pool account, the
2 Washington state patrol retirement account, the Washington State
3 University building account, the Washington State University bond
4 retirement fund, the water pollution control revolving fund, and the
5 Western Washington University capital projects account. Earnings
6 derived from investing balances of the agricultural permanent fund, the
7 normal school permanent fund, the permanent common school fund, the
8 scientific permanent fund, and the state university permanent fund
9 shall be allocated to their respective beneficiary accounts. All
10 earnings to be distributed under this subsection (4)(a) shall first be
11 reduced by the allocation to the state treasurer's service fund
12 pursuant to RCW 43.08.190.

13 (b) The following accounts and funds shall receive eighty percent
14 of their proportionate share of earnings based upon each account's or
15 fund's average daily balance for the period: The aeronautics account,
16 the aircraft search and rescue account, the county arterial
17 preservation account, the department of licensing services account, the
18 essential rail assistance account, the ferry bond retirement fund, the
19 grade crossing protective fund, the high capacity transportation
20 account, the highway bond retirement fund, the highway safety account,
21 the motor vehicle fund, the motorcycle safety education account, the
22 pilotage account, the public transportation systems account, the Puget
23 Sound capital construction account, the Puget Sound ferry operations
24 account, the recreational vehicle account, the rural arterial trust
25 account, the safety and education account, the special category C
26 account, the state patrol highway account, the transportation 2003
27 account (nickel account), the transportation equipment fund, the
28 transportation fund, the transportation improvement account, the
29 transportation improvement board bond retirement account, and the urban
30 arterial trust account.

31 (5) In conformance with Article II, section 37 of the state
32 Constitution, no treasury accounts or funds shall be allocated earnings
33 without the specific affirmative directive of this section.

34 **Sec. 325.** RCW 82.44.160 and 1999 c 309 s 931 are each amended to
35 read as follows:

36 ~~((Before distributing moneys to the cities and towns from the city
37 police and fire protection assistance account, as provided in RCW~~

1 ~~82.44.155, and from the municipal sales and use tax equalization~~
2 ~~account, as provided in RCW 82.14.210, the state treasurer shall, on~~
3 ~~the first day of July of each year, make an annual deduction therefrom~~
4 ~~of a sum equal to one half of the biennial appropriation made pursuant~~
5 ~~to this section, which amount shall be at least seven cents per capita~~
6 ~~of the population of all cities or towns as legally certified on that~~
7 ~~date, determined as provided in RCW 82.44.150, which sum shall be~~
8 ~~apportioned and transmitted to the municipal research council, herein~~
9 ~~created. Sixty five percent of the annual deduction shall be from the~~
10 ~~distribution to cities and towns under RCW 82.44.155, and thirty five~~
11 ~~percent of the annual deduction shall be from the distribution to the~~
12 ~~municipal sales and use tax equalization account under RCW 82.14.210.)~~)

13 The municipal research council may contract with and allocate moneys to
14 any state agency, educational institution, or private consulting firm,
15 which in its judgment is qualified to carry on a municipal research and
16 service program. Moneys may be utilized to match federal funds
17 available for technical research and service programs to cities and
18 towns. Moneys allocated shall be used for studies and research in
19 municipal government, publications, educational, conferences, and
20 attendance thereat, and in furnishing technical, consultative, and
21 field services to cities and towns in problems relating to planning,
22 public health, municipal sanitation, fire protection, law enforcement,
23 postwar improvements, and public works, and in all matters relating to
24 city and town government. The programs shall be carried on and all
25 expenditures shall be made in cooperation with the cities and towns of
26 the state acting through the Association of Washington Cities by its
27 board of directors which is hereby recognized as their official agency
28 or instrumentality.

29 Funds (~~deducted under this section shall be deposited in the~~
30 ~~treasury in the general fund, and~~) shall be disbursed by warrant or
31 check to contracting parties on invoices or vouchers certified by the
32 chair of the municipal research council or his or her designee.
33 Payments to public agencies may be made in advance of actual work
34 contracted for, in the discretion of the council.

35 (~~Sixty five percent of any moneys remaining unexpended or~~
36 ~~uncontracted for by the municipal research council at the end of any~~
37 ~~fiscal biennium shall be returned to the city police and fire~~

1 ~~protection assistance account and be paid to cities and towns under RCW~~
2 ~~82.44.155. The remaining thirty five percent shall be deposited into~~
3 ~~the municipal sales and use tax equalization account.))~~

4 **Sec. 326.** RCW 43.62.010 and 1990 c 42 s 317 are each amended to
5 read as follows:

6 If the state or any of its political subdivisions, or other
7 agencies, use the population studies services of the office of
8 financial management or the successor thereto, the state, its political
9 subdivision, or other agencies utilizing such services shall pay for
10 the cost of rendering such services. ~~((Expenditures shall be paid out~~
11 ~~of funds allocated to cities and towns under RCW 82.44.155 and shall be~~
12 ~~paid from said fund before any allocations or payments are made to~~
13 ~~cities and towns under RCW 82.44.155.))~~

14 **Sec. 327.** RCW 70.05.125 and 1998 c 266 s 1 are each amended to
15 read as follows:

16 (1) The county public health account is created in the state
17 treasury. Funds deposited in the county public health account shall be
18 distributed by the state treasurer to each local public health
19 jurisdiction based upon amounts certified to it by the department of
20 community, trade, and economic development in consultation with the
21 Washington state association of counties. The account shall include
22 ~~((funds distributed under RCW 82.44.110 and 82.14.200(8) and such))~~
23 funds ~~((as are))~~ appropriated to the account from the health services
24 account under RCW 43.72.900, the public health services account under
25 RCW 43.72.902, and such other funds as the legislature may appropriate
26 to it.

27 (2)(a) The director of the department of community, trade, and
28 economic development shall certify the amounts to be distributed to
29 each local public health jurisdiction using 1995 as the base year of
30 actual city contributions to local public health.

31 (b) ~~((Only if funds are available and in an amount no greater than~~
32 ~~available funds under RCW 82.14.200(8), the department of community,~~
33 ~~trade, and economic development shall adjust the amount certified under~~
34 ~~(a) of this subsection to compensate for any annexation of an area with~~
35 ~~fifty thousand residents or more to any city as a result of a petition~~
36 ~~during calendar year 1996 or 1997, or for any city that became newly~~

1 ~~incorporated as a result of an election during calendar year 1994 or~~
2 ~~1995. The amount to be adjusted shall be equal to the amount which~~
3 ~~otherwise would have been lost to the health jurisdiction due to the~~
4 ~~annexation or incorporation as calculated using the jurisdiction's 1995~~
5 ~~funding formula.~~

6 (e)) The county treasurer shall certify the actual 1995 city
7 contribution to the department. Funds in excess of the base shall be
8 distributed proportionately among the health jurisdictions based on
9 incorporated population figures as last determined by the office of
10 financial management.

11 (3) Moneys distributed under this section shall be expended
12 exclusively for local public health purposes.

13 **Sec. 328.** RCW 53.08.090 and 1994 c 26 s 1 are each amended to read
14 as follows:

15 ((1)) A port commission may, by resolution, authorize the
16 managing official of a port district to sell and convey port district
17 property of ten thousand dollars or less in value. The authority shall
18 be in force for not more than one calendar year from the date of
19 resolution and may be renewed from year to year. Prior to any such
20 sale or conveyance the managing official shall itemize and list the
21 property to be sold and make written certification to the commission
22 that the listed property is no longer needed for district purposes.
23 Any large block of the property having a value in excess of ten
24 thousand dollars shall not be broken down into components of ten
25 thousand dollars or less value and sold in the smaller components
26 unless the smaller components be sold by public competitive bid. A
27 port district may sell and convey any of its real or personal property
28 valued at more than ten thousand dollars when the port commission has,
29 by resolution, declared the property to be no longer needed for
30 district purposes, but no property which is a part of the comprehensive
31 plan of improvement or modification thereof shall be disposed of until
32 the comprehensive plan has been modified to find the property surplus
33 to port needs. The comprehensive plan shall be modified only after
34 public notice and hearing provided by RCW 53.20.010.

35 Nothing in this section shall be deemed to repeal or modify
36 procedures for property sales within industrial development districts
37 as set forth in chapter 53.25 RCW.

1 ~~((2) The ten thousand dollar figures in subsection (1) of this~~
2 ~~section shall be adjusted annually based upon the governmental price~~
3 ~~index established by the department of revenue under RCW 82.14.200.))~~

4 **Sec. 329.** RCW 43.160.220 and 1998 c 321 s 9 are each amended to
5 read as follows:

6 The distressed county public facilities construction loan account
7 is created in the state treasury. ~~((All funds provided under RCW~~
8 ~~82.14.200 shall be deposited in the account.))~~ Moneys in the account
9 may be spent only after appropriation. Moneys in the account shall
10 only be used to provide financial assistance under this chapter to
11 distressed counties that have experienced extraordinary costs due to
12 the location of a major new business facility or the substantial
13 expansion of an existing business facility in the county.

14 For purposes of this section, the term "distressed counties"
15 includes any county in which the average level of unemployment for the
16 three years before the year in which an application for financial
17 assistance is filed exceeds the average state employment for those
18 years by twenty percent.

19 NEW SECTION. **Sec. 330.** The following acts or parts of acts are
20 each repealed:

21 (1) RCW 82.14.032 (Alteration of tax rate pursuant to government
22 service agreement) and 1994 c 266 s 11;

23 (2) RCW 82.14.034 (Alteration of county's share of city's tax
24 receipts pursuant to government service agreement) and 1994 c 266 s 12;

25 (3) RCW 82.14.046 (Sales and use tax equalization payments from
26 local transit taxes) and 1998 c 321 s 37, 1995 c 298 s 1, & 1994 c 241
27 s 2;

28 (4) RCW 82.14.070 (Uniformity--Rule making--Model ordinance) and
29 2003 c 168 s 202, 2000 c 104 s 5, & 1970 ex.s. c 94 s 10;

30 (5) RCW 82.14.200 (County sales and use tax equalization account--
31 Allocation procedure) and 2003 1st sp.s. c 25 s 941, 1998 c 321 s 8,
32 1997 c 333 s 2, 1991 sp.s. c 13 s 15, 1990 c 42 s 313, 1985 c 57 s 82,
33 1984 c 225 s 5, 1983 c 99 s 1, & 1982 1st ex.s. c 49 s 21;

34 (6) RCW 82.14.210 (Municipal sales and use tax equalization
35 account--Allocation procedure) and 2003 1st sp.s. c 25 s 942, 1996 c 64

1 s 1, 1991 sp.s. c 13 s 16, 1990 2nd ex.s. c 1 s 701, 1990 c 42 s 314,
2 1985 c 57 s 83, 1984 c 225 s 2, & 1982 1st ex.s. c 49 s 22;

3 (7) RCW 82.14.212 (Transfer of funds pursuant to government service
4 agreement) and 1994 c 266 s 13;

5 (8) RCW 82.14.220 (Figures for apportionments and distributions
6 under RCW 82.14.200 and 82.14.210) and 1984 c 225 s 4;

7 (9) RCW 82.14.380 (Distressed county assistance account--Created--
8 Distributions) and 1999 c 311 s 201 & 1998 c 321 s 10;

9 (10) RCW 35.02.135 (Newly incorporated city or town--May borrow
10 from municipal sales and use tax equalization account) and 1991 c 360
11 s 5; and

12 (11) RCW 82.44.155 (City police and fire protection assistance
13 account--Distribution to cities and towns--Apportionment) and 1998 c
14 321 s 40, 1993 c 492 s 254, 1991 c 199 s 223, & 1990 c 42 s 309.

15 **PART IV**
16 **RETAIL SALES AND USE TAX EXEMPTIONS**

17 NEW SECTION. **Sec. 401.** A new section is added to chapter 82.12
18 RCW, to be codified between RCW 82.12.024 and 82.12.0251, to read as
19 follows:

20 (1) The tax imposed by RCW 82.12.020 does not apply to the use of
21 any article of tangible personal property, service, or extended
22 warranty, if the article, service, or extended warranty is specifically
23 described in and used solely by a person and solely for the purposes
24 specified in RCW 82.08.02525, 82.08.0252, 82.08.0253, 82.08.02537,
25 82.08.02567, 82.08.02568, 82.08.02569, 82.08.0256, 82.08.0257,
26 82.08.0258, 82.08.0259, 82.08.0267, 82.08.0272, 82.08.0274, 82.08.0275,
27 82.08.0277, 82.08.0278, 82.08.02795, 82.08.02805, 82.08.02806,
28 82.08.02807, 82.08.0281, 82.08.0282, 82.08.0283, 82.08.0285,
29 82.08.0288, 82.08.0291, 82.08.02915, 82.08.0293, 82.08.0294,
30 82.08.0296, 82.08.0297, 82.08.0298, 82.08.031, 82.08.0311, 82.08.0316,
31 82.08.032, 82.08.033, 82.08.034, 82.08.803, 82.08.804, 82.08.806,
32 82.08.808, 82.08.809, 82.08.813, 82.08.832, 82.08.841, 82.08.880,
33 82.08.890, 82.08.900, 82.08.910, 82.08.920, 82.08.925, 82.08.935,
34 82.08.940, 82.08.945, 82.08.950, 82.08.955, 82.08.975, or 82.08.985.

35 (2) Subsection (1) of this section is in addition to the specific

1 exemptions from the tax imposed by RCW 82.12.020 provided in other
2 provisions of this or any other chapter.

3 **Sec. 402.** RCW 82.08.0266 and 1999 c 358 s 5 are each amended to
4 read as follows:

5 The tax levied by RCW 82.08.020 shall not apply to sales to
6 nonresidents of this state for use outside of this state of watercraft
7 requiring coast guard registration or registration by the state of
8 principal use according to the Federal Boating Act of 1958, even though
9 delivery be made within this state, but only when (1) the watercraft
10 will not be used within this state for more than forty-five days and
11 (2) an appropriate exemption certificate supported by identification
12 ascertaining residence as required by the department (~~(of revenue)~~) and
13 signed by the (~~(purchaser)~~) buyer or (~~(his)~~) the buyer's agent
14 establishing the fact that the (~~(purchaser)~~) buyer is a nonresident and
15 that the watercraft is for use outside of this state, a copy of which
16 shall be retained by the (~~(dealer)~~) seller.

17 **Sec. 403.** RCW 82.08.02665 and 1999 c 358 s 6 are each amended to
18 read as follows:

19 (1) The tax levied by RCW 82.08.020 does not apply to sales of
20 vessels to residents of foreign countries for use outside of this
21 state, even though delivery is made within this state, but only if
22 (~~(+1)~~):

23 (a) The vessel will not be used within this state for more than
24 forty-five days; and

25 (~~(+2)~~) (b) An appropriate exemption certificate supported by
26 identification as required by the department (~~(of revenue)~~) and signed
27 by the (~~(purchaser)~~) buyer or the (~~(purchaser's)~~) buyer's agent
28 establishes the fact that the (~~(purchaser)~~) buyer is a resident of a
29 foreign country and that the vessel is for use outside of this state.
30 A copy of the exemption certificate is to be retained by the (~~(dealer)~~)
31 seller.

32 (2) As used in this section, "vessel" means every watercraft used
33 or capable of being used as a means of transportation on the water,
34 other than a seaplane.

1 **Sec. 404.** RCW 82.12.0284 and 2003 c 168 s 603 are each amended to
2 read as follows:

3 The provisions of this chapter shall not apply in respect to the
4 use of computers, computer components, computer accessories, or
5 computer software irrevocably donated to any public or private
6 nonprofit school or college, as defined under chapter 84.36 RCW, in
7 this state. For purposes of this section, "~~has~~" and
8 "computer software" have the same meaning as in RCW 82.04.215.

9 **Sec. 405.** RCW 82.08.02569 and 1996 c 113 s 1 are each amended to
10 read as follows:

11 The tax levied by RCW 82.08.020 shall not apply to sales of
12 tangible personal property to a consumer as defined in RCW
13 82.04.190(~~(+6)~~) (1)(f) if the tangible personal property is
14 incorporated into, installed in, or attached to a building or other
15 structure that is an integral part of a laser interferometer
16 gravitational wave observatory on which construction is commenced
17 before December 1, 1996.

18 **Sec. 406.** RCW 82.08.02917 and 1995 c 346 s 3 are each amended to
19 read as follows:

20 For the purposes of RCW 82.08.02915 (~~and 82.12.02915~~), "youth in
21 crisis" means any youth under eighteen years of age who is either:
22 Homeless; a runaway from the home of a parent, guardian, or legal
23 custodian; abused; neglected; abandoned by a parent, guardian, or legal
24 custodian; or suffering from a substance abuse or mental disorder.

25 **Sec. 407.** RCW 82.08.832 and 1998 c 178 s 1 are each amended to
26 read as follows:

27 (1) The tax levied by RCW 82.08.020 does not apply to sales of gun
28 safes.

29 (2) As used in this section (~~and RCW 82.12.832~~), "gun safe" means
30 an enclosure specifically designed or modified for the purpose of
31 storing a firearm and equipped with a padlock, key lock, combination
32 lock, or similar locking device which, when locked, prevents the
33 unauthorized use of the firearm.

1 **Sec. 408.** RCW 82.08.880 and 2001 2nd sp.s. c 17 s 1 are each
2 amended to read as follows:

3 (1) The tax levied by RCW 82.08.020 does not apply to sales to
4 farmers or to veterinarians of animal pharmaceuticals approved by the
5 United States department of agriculture or by the United States food
6 and drug administration, if the pharmaceutical is to be administered to
7 an animal that is raised by a farmer for the purpose of producing for
8 sale an agricultural product.

9 (2) The exemption is available only when the buyer provides the
10 seller with an exemption certificate in a form and manner prescribed by
11 the department. The seller must retain a copy of the certificate for
12 the seller's files.

13 (3) For the purposes of this section (~~and RCW 82.12.880~~), the
14 following definitions apply:

15 (a) "Farmer" and "agricultural product" mean the same as in RCW
16 82.04.213.

17 (b) "Veterinarian" means a person who is licensed to practice
18 veterinary medicine, surgery, or dentistry under chapter 18.92 RCW.

19 **Sec. 409.** RCW 82.08.890 and 2001 2nd sp.s. c 18 s 2 are each
20 amended to read as follows:

21 (1) The tax levied by RCW 82.08.020 does not apply to sales to
22 eligible persons of services rendered in respect to operating,
23 repairing, cleaning, altering, or improving of dairy nutrient
24 management equipment and facilities, or to sales of tangible personal
25 property that becomes an ingredient or component of the equipment and
26 facilities. The equipment and facilities must be used exclusively for
27 activities necessary to maintain a dairy nutrient management plan as
28 required under chapter 90.64 RCW. This exemption applies to sales made
29 after the dairy nutrient management plan is certified under chapter
30 90.64 RCW.

31 (2)(a) The department of revenue must provide an exemption
32 certificate to an eligible person upon application by that person. The
33 department of agriculture must provide a list of eligible persons to
34 the department of revenue. The application must be in a form and
35 manner prescribed by the department and must contain information
36 regarding the location of the dairy and other information the
37 department may require.

1 (b) The exemption is available only when the buyer provides the
2 seller with an exemption certificate in a form and manner prescribed by
3 the department. The seller must retain a copy of the certificate for
4 the seller's files.

5 (3) The definitions in this subsection apply to this section (~~and~~
6 ~~RCW 82.12.890~~) unless the context clearly requires otherwise:

7 (a) "Dairy nutrient management equipment and facilities" means
8 machinery, equipment, and structures used in the handling and treatment
9 of dairy manure, such as aerators, agitators, alley scrapers, augers,
10 dams, gutter cleaners, loaders, lagoons, pipes, pumps, separators, and
11 tanks. The term also includes tangible personal property that becomes
12 an ingredient or component of the equipment and facilities, including
13 repair and replacement parts.

14 (b) "Eligible person" means a person licensed to produce milk under
15 chapter 15.36 RCW who has a certified dairy nutrient management plan by
16 December 31, 2003, as required by chapter 90.64 RCW.

17 **Sec. 410.** RCW 82.08.900 and 2001 2nd sp.s. c 18 s 4 are each
18 amended to read as follows:

19 (1) The tax levied by RCW 82.08.020 does not apply to sales to an
20 eligible person establishing or operating an anaerobic digester or to
21 services rendered in respect to installing, constructing, repairing,
22 cleaning, altering, or improving an anaerobic digester, or to sales of
23 tangible personal property that becomes an ingredient or component of
24 the anaerobic digester. The anaerobic digester must be used primarily
25 to treat dairy manure.

26 (2)(a) The department of revenue must provide an exemption
27 certificate to an eligible person upon application by that person. The
28 application must be in a form and manner prescribed by the department
29 and must contain information regarding the location of the facility and
30 other information as the department may require.

31 (b) The exemption is available only when the buyer provides the
32 seller with an exemption certificate in a form and manner prescribed by
33 the department. The seller must retain a copy of the certificate for
34 the seller's files.

35 (3) The definitions in this subsection apply to this section (~~and~~
36 ~~RCW 82.12.900~~) unless the context clearly requires otherwise:

1 (a) "Anaerobic digester" means a facility that processes manure
2 from cattle into biogas and dried manure using microorganisms in a
3 decomposition process within a closed, oxygen-free container.

4 (b) "Eligible person" means any person establishing or operating an
5 anaerobic digester to treat primarily dairy manure.

6 (c) "Primarily" means more than fifty percent measured by volume or
7 weight.

8 **Sec. 411.** RCW 82.08.910 and 2001 2nd sp.s. c 25 s 3 are each
9 amended to read as follows:

10 (1) The tax levied by RCW 82.08.020 does not apply to sales to
11 farmers of propane or natural gas used to heat structures used to house
12 chickens. The propane or natural gas must be used exclusively to heat
13 the structures. The structures must be used exclusively to house
14 chickens that are sold as agricultural products.

15 (2) The exemption is available only when the buyer provides the
16 seller with an exemption certificate in a form and manner prescribed by
17 the department. The seller must retain a copy of the certificate for
18 the seller's files.

19 (3) The definitions in this subsection apply to this section (~~and~~
20 ~~RCW 82.12.910~~)).

21 (a) "Structures" means barns, sheds, and other similar buildings in
22 which chickens are housed.

23 (b) "Farmer" has the same meaning as provided in RCW 82.04.213.

24 (c) "Agricultural product" has the same meaning as provided in RCW
25 82.04.213.

26 **Sec. 412.** RCW 82.08.920 and 2001 2nd sp.s. c 25 s 5 are each
27 amended to read as follows:

28 (1) The tax levied by RCW 82.08.020 does not apply to sales to a
29 farmer of bedding materials used to accumulate and facilitate the
30 removal of chicken manure. The farmer must be raising chickens that
31 are sold as agricultural products.

32 (2) The exemption is available only when the buyer provides the
33 seller with an exemption certificate in a form and manner prescribed by
34 the department. The seller must retain a copy of the certificate for
35 the seller's files.

1 (3) The definitions in this subsection apply to this section ((and
2 ~~RCW 82.12.920~~)).

3 (a) "Bedding materials" means wood shavings, straw, sawdust,
4 shredded paper, and other similar materials.

5 (b) "Farmer" has the same meaning as provided in RCW 82.04.213.

6 (c) "Agricultural product" has the same meaning as provided in RCW
7 82.04.213.

8 NEW SECTION. **Sec. 413.** The following acts or parts of acts are
9 each repealed:

10 (1) RCW 82.12.02525 (Exemptions--Sale of copied public records by
11 state and local agencies) and 1996 c 63 s 2;

12 (2) RCW 82.12.0253 (Exemptions--Use of tangible personal property
13 taxable under chapter 82.16 RCW) and 1980 c 37 s 53;

14 (3) RCW 82.12.02567 (Exemptions--Use of machinery and equipment
15 used in generating electricity) and 2004 c 152 s 2, 2003 c 5 s 6, 2001
16 c 213 s 2, 1999 c 358 s 10, 1998 c 309 s 2, & 1996 c 166 s 2;

17 (4) RCW 82.12.02568 (Exemptions--Use of carbon and similar
18 substances that become an ingredient or component of anodes or cathodes
19 used in producing aluminum for sale) and 1996 c 170 s 2;

20 (5) RCW 82.12.02569 (Exemptions--Use of tangible personal property
21 related to a building or structure that is an integral part of a laser
22 interferometer gravitational wave observatory) and 1996 c 113 s 2;

23 (6) RCW 82.12.0257 (Exemptions--Use of tangible personal property
24 of the operating property of a public utility by state or political
25 subdivision) and 1980 c 37 s 57;

26 (7) RCW 82.12.0258 (Exemptions--Use of tangible personal property
27 previously used in farming and purchased from farmer at auction) and
28 1980 c 37 s 58;

29 (8) RCW 82.12.0259 (Exemptions--Use of tangible personal property
30 by federal corporations providing aid and relief) and 2003 c 5 s 7 &
31 1980 c 37 s 59;

32 (9) RCW 82.12.0261 (Exemptions--Use of livestock) and 2001 c 118 s
33 5 & 1980 c 37 s 60;

34 (10) RCW 82.12.0262 (Exemptions--Use of poultry for producing
35 poultry and poultry products for sale) and 1980 c 37 s 61;

36 (11) RCW 82.12.0267 (Exemptions--Use of semen in artificial
37 insemination of livestock) and 1980 c 37 s 66;

1 (12) RCW 82.12.0268 (Exemptions--Use of form lumber by persons
2 engaged in constructing, repairing, etc., structures for consumers) and
3 1980 c 37 s 67;

4 (13) RCW 82.12.0269 (Exemptions--Use of sand, gravel, or rock to
5 extent of labor and service charges for mining, sorting, crushing,
6 etc., thereof from county or city quarry for public road purposes) and
7 1980 c 37 s 68;

8 (14) RCW 82.12.0271 (Exemptions--Use of wearing apparel only as a
9 sample for display for sale) and 1980 c 37 s 69;

10 (15) RCW 82.12.0273 (Exemptions--Use of pollen) and 1980 c 37 s 71;

11 (16) RCW 82.12.0274 (Exemptions--Use of tangible personal property
12 by political subdivision resulting from annexation or incorporation)
13 and 1980 c 37 s 72;

14 (17) RCW 82.12.02745 (Exemptions--Use by free hospitals of certain
15 items) and 1993 c 205 s 2;

16 (18) RCW 82.12.02747 (Exemptions--Use of medical products by
17 qualifying blood, tissue, or blood and tissue banks) and 2004 c 82 s 3
18 & 1995 2nd sp.s. c 9 s 5;

19 (19) RCW 82.12.02748 (Exemptions--Use of human blood, tissue,
20 organs, bodies, or body parts for medical research or quality control
21 testing) and 1996 c 141 s 2;

22 (20) RCW 82.12.02749 (Exemptions--Use of medical supplies,
23 chemicals, or materials by organ procurement organization) and 2002 c
24 113 s 3;

25 (21) RCW 82.12.0275 (Exemptions--Use of certain drugs or family
26 planning devices) and 2003 c 168 s 406, 1993 sp.s. c 25 s 309, & 1980
27 c 37 s 73;

28 (22) RCW 82.12.0276 (Exemptions--Use of returnable containers for
29 beverages and foods) and 1980 c 37 s 74;

30 (23) RCW 82.12.0277 (Exemptions--Certain medical items) and 2004 c
31 153 s 109;

32 (24) RCW 82.12.0279 (Exemptions--Use of ferry vessels by the state
33 or local governmental units--Components thereof) and 2003 c 5 s 9 &
34 1980 c 37 s 77;

35 (25) RCW 82.12.0283 (Exemptions--Use of certain irrigation
36 equipment) and 1983 1st ex.s. c 55 s 6;

37 (26) RCW 82.12.02915 (Exemptions--Use of items by health or social

1 welfare organizations for alternative housing for youth in crisis) and
2 1998 c 183 s 2, 1997 c 386 s 57, & 1995 c 346 s 2;
3 (27) RCW 82.12.02917 (Exemptions--Use of amusement and recreation
4 services by nonprofit youth organization) and 1999 c 358 s 7;
5 (28) RCW 82.12.0293 (Exemptions--Use of food and food ingredients)
6 and 2003 c 168 s 303, 1988 c 103 s 2, 1986 c 182 s 2, 1985 c 104 s 2,
7 & 1982 1st ex.s. c 35 s 34;
8 (29) RCW 82.12.0294 (Exemptions--Use of feed for cultivating or
9 raising fish for sale) and 1985 c 148 s 4;
10 (30) RCW 82.12.0296 (Exemptions--Use of feed consumed by livestock
11 at a public livestock market) and 1986 c 265 s 2;
12 (31) RCW 82.12.0297 (Exemptions--Use of food purchased with food
13 stamps) and 1998 c 79 s 19 & 1987 c 28 s 2;
14 (32) RCW 82.12.0298 (Exemptions--Use of diesel fuel in operating
15 watercraft in commercial deep sea fishing or commercial passenger
16 fishing boat operations outside the state) and 1987 c 494 s 2;
17 (33) RCW 82.12.031 (Exemptions--Use by artistic or cultural
18 organizations of certain objects) and 1981 c 140 s 5;
19 (34) RCW 82.12.0311 (Exemptions--Use of materials and supplies in
20 packing horticultural products) and 1988 c 68 s 2;
21 (35) RCW 82.12.0316 (Exemptions--Sales of cigarettes by Indian
22 retailers) and 2005 c 11 s 4 & 2001 c 235 s 5;
23 (36) RCW 82.12.032 (Exemption--Use of used park model trailers) and
24 2001 c 282 s 4;
25 (37) RCW 82.12.033 (Exemption--Use of certain used mobile homes)
26 and 1986 c 211 s 3 & 1979 ex.s. c 266 s 4;
27 (38) RCW 82.12.034 (Exemption--Use of used floating homes) and 1984
28 c 192 s 4;
29 (39) RCW 82.12.0345 (Exemptions--Use of newspapers) and 1994 c 124
30 s 11;
31 (40) RCW 82.12.0347 (Exemptions--Use of academic transcripts) and
32 1996 c 272 s 3;
33 (41) RCW 82.12.803 (Exemptions--Nebulizers) and 2004 c 153 s 105;
34 (42) RCW 82.12.804 (Exemptions--Ostomic items) and 2004 c 153 s
35 107;
36 (43) RCW 82.12.806 (Exemptions--Use of computer equipment parts and
37 services by printer or publisher) and 2004 c 8 s 3;

1 (44) RCW 82.12.808 (Exemptions--Use of medical supplies, chemicals,
2 or materials by comprehensive cancer centers) and 2005 c 514 s 403;
3 (45) RCW 82.12.809 (Exemptions--Vehicles using clean alternative
4 fuels) and 2005 c 296 s 3;
5 (46) RCW 82.12.813 (Exemptions--High gas mileage vehicles) and 2005
6 c 296 s 4;
7 (47) RCW 82.12.832 (Exemptions--Use of gun safes) and 1998 c 178 s
8 2;
9 (48) RCW 82.12.841 (Exemptions--Farming equipment--Hay sheds) and
10 2005 c 420 s 3;
11 (49) RCW 82.12.880 (Exemptions--Animal pharmaceuticals) and 2001
12 2nd sp.s. c 17 s 2;
13 (50) RCW 82.12.890 (Exemptions--Dairy nutrient management equipment
14 and facilities) and 2003 c 5 s 15 & 2001 2nd sp.s. c 18 s 3;
15 (51) RCW 82.12.900 (Exemptions--Anaerobic digesters) and 2003 c 5
16 s 16 & 2001 2nd sp.s. c 18 s 5;
17 (52) RCW 82.12.910 (Exemptions--Propane or natural gas to heat
18 chicken structures) and 2001 2nd sp.s. c 25 s 4;
19 (53) RCW 82.12.920 (Exemptions--Chicken bedding materials) and 2001
20 2nd sp.s. c 25 s 6;
21 (54) RCW 82.12.925 (Exemptions--Dietary supplements) and 2003 c 168
22 s 304;
23 (55) RCW 82.12.935 (Exemptions--Disposable devices used to deliver
24 prescription drugs for human use) and 2003 c 168 s 407;
25 (56) RCW 82.12.940 (Exemptions--Over-the-counter drugs for human
26 use) and 2003 c 168 s 408;
27 (57) RCW 82.12.945 (Exemptions--Kidney dialysis devices) and 2004
28 c 153 s 111 & 2003 c 168 s 411;
29 (58) RCW 82.12.950 (Exemptions--Steam, electricity, electrical
30 energy) and 2003 c 168 s 704;
31 (59) RCW 82.12.955 (Exemptions--Use of machinery, equipment,
32 vehicles, and services related to biodiesel or alcohol fuel blend) and
33 2003 c 63 s 3;
34 (60) RCW 82.12.960 (Exemptions--Use of machinery, equipment,
35 vehicles, and services related to wood biomass fuel blend) and 2003 c
36 339 s 14;
37 (61) RCW 82.12.975 (Computer parts and software related to the
38 manufacture of commercial airplanes) and 2003 2nd sp.s. c 1 s 10; and

1 (62) RCW 82.12.985 (Exemptions--Insulin) and 2004 c 153 s 103.

2 NEW SECTION. **Sec. 414.** The sole purpose of the legislature in
3 enacting section 401, chapter . . . , Laws of 2006 is to consolidate a
4 number of use tax exemptions into a single section for purposes of
5 simplification. It is not the intent of the legislature in enacting
6 section 401, chapter . . . , Laws of 2006 to create new use tax
7 exemptions, or to eliminate, narrow, or expand any existing use tax
8 exemptions. Therefore, the courts, taxpayers, the department of
9 revenue, and the board of tax appeals should construe section 401,
10 chapter . . . , Laws of 2006 as a consolidation of existing law with no
11 substantive effect.

12 **PART V**

13 **MISCELLANEOUS B&O AND RETAIL SALES TAX PROVISIONS**

14 **Sec. 501.** RCW 82.04.140 and 1961 c 15 s 82.04.140 are each amended
15 to read as follows:

16 (1) "Business" includes all activities engaged in with the object
17 of gain, benefit, or advantage to the taxpayer or to another person or
18 class, directly or indirectly.

19 (2) "Engaging in business" means commencing, conducting, or
20 continuing in business and also the exercise of corporate or franchise
21 powers as well as liquidating a business when the liquidators thereof
22 hold themselves out to the public as conducting such business.

23 **Sec. 502.** RCW 82.04.250 and 2003 2nd sp.s. c 1 s 2 are each
24 reenacted and amended to read as follows:

25 (1) Upon every person (~~((except persons taxable under RCW 82.04.260~~
26 ~~(5) or (13), 82.04.272, or subsection (2) of this section))~~) engaging
27 within this state in the business of making sales at retail, except
28 persons taxable as retailers under other provisions of this chapter, as
29 to such persons, the amount of tax with respect to such business shall
30 be equal to the gross proceeds of sales of the business, multiplied by
31 the rate of 0.471 percent.

32 (2) Upon every person engaging within this state in the business of
33 making sales at retail that are exempt from the tax imposed under
34 chapter 82.08 RCW by reason of RCW 82.08.0261, 82.08.0262, or

1 82.08.0263, except persons taxable under RCW 82.04.260(~~((+13+))~~) (11), as
2 to such persons, the amount of tax with respect to such business shall
3 be equal to the gross proceeds of sales of the business, multiplied by
4 the rate of 0.484 percent.

5 **Sec. 503.** RCW 82.04.280 and 2004 c 24 s 6 are each amended to read
6 as follows:

7 Upon every person engaging within this state in the business of:
8 (1) Printing, and of publishing newspapers, periodicals, or magazines;
9 (2) building, repairing or improving any street, place, road, highway,
10 easement, right of way, mass public transportation terminal or parking
11 facility, bridge, tunnel, or trestle which is owned by a municipal
12 corporation or political subdivision of the state or by the United
13 States and which is used or to be used, primarily for foot or vehicular
14 traffic including mass transportation vehicles of any kind and
15 including any readjustment, reconstruction or relocation of the
16 facilities of any public, private or cooperatively owned utility or
17 railroad in the course of such building, repairing or improving, the
18 cost of which readjustment, reconstruction, or relocation, is the
19 responsibility of the public authority whose street, place, road,
20 highway, easement, right of way, mass public transportation terminal or
21 parking facility, bridge, tunnel, or trestle is being built, repaired
22 or improved; (3) extracting for hire or processing for hire, except
23 persons taxable as processors for hire under another section of this
24 chapter; (4) operating a cold storage warehouse or storage warehouse,
25 but not including the rental of cold storage lockers; (5) representing
26 and performing services for fire or casualty insurance companies as an
27 independent resident managing general agent licensed under the
28 provisions of RCW 48.05.310; (6) radio and television broadcasting,
29 excluding network, national and regional advertising computed as a
30 standard deduction based on the national average thereof as annually
31 reported by the Federal Communications Commission, or in lieu thereof
32 by itemization by the individual broadcasting station, and excluding
33 that portion of revenue represented by the out-of-state audience
34 computed as a ratio to the station's total audience as measured by the
35 100 micro-volt signal strength and delivery by wire, if any; (7)
36 engaging in activities which bring a person within the definition of

1 consumer contained in RCW 82.04.190(~~(+6+)~~) (1)(f); as to such persons,
2 the amount of tax on such business shall be equal to the gross income
3 of the business multiplied by the rate of 0.484 percent.

4 As used in this section, "cold storage warehouse" means a storage
5 warehouse used to store fresh and/or frozen perishable fruits or
6 vegetables, meat, seafood, dairy products, or fowl, or any combination
7 thereof, at a desired temperature to maintain the quality of the
8 product for orderly marketing.

9 As used in this section, "storage warehouse" means a building or
10 structure, or any part thereof, in which goods, wares, or merchandise
11 are received for storage for compensation, except field warehouses,
12 fruit warehouses, fruit packing plants, warehouses licensed under
13 chapter 22.09 RCW, public garages storing automobiles, railroad freight
14 sheds, docks and wharves, and "self-storage" or "mini storage"
15 facilities whereby customers have direct access to individual storage
16 areas by separate entrance. "Storage warehouse" does not include a
17 building or structure, or that part of such building or structure, in
18 which an activity taxable under RCW 82.04.272 is conducted.

19 As used in this section, "periodical or magazine" means a printed
20 publication, other than a newspaper, issued regularly at stated
21 intervals at least once every three months, including any supplement or
22 special edition of the publication.

23 **Sec. 504.** RCW 82.04.280 and 2003 c 149 s 4 are each amended to
24 read as follows:

25 Upon every person engaging within this state in the business of:
26 (1) Printing, and of publishing newspapers, periodicals, or magazines;
27 (2) building, repairing or improving any street, place, road, highway,
28 easement, right of way, mass public transportation terminal or parking
29 facility, bridge, tunnel, or trestle which is owned by a municipal
30 corporation or political subdivision of the state or by the United
31 States and which is used or to be used, primarily for foot or vehicular
32 traffic including mass transportation vehicles of any kind and
33 including any readjustment, reconstruction or relocation of the
34 facilities of any public, private or cooperatively owned utility or
35 railroad in the course of such building, repairing or improving, the
36 cost of which readjustment, reconstruction, or relocation, is the
37 responsibility of the public authority whose street, place, road,

1 highway, easement, right of way, mass public transportation terminal or
2 parking facility, bridge, tunnel, or trestle is being built, repaired
3 or improved; (3) extracting for hire or processing for hire, except
4 persons taxable as processors for hire under another section of this
5 chapter; (4) operating a cold storage warehouse or storage warehouse,
6 but not including the rental of cold storage lockers; (5) representing
7 and performing services for fire or casualty insurance companies as an
8 independent resident managing general agent licensed under the
9 provisions of RCW 48.05.310; (6) radio and television broadcasting,
10 excluding network, national and regional advertising computed as a
11 standard deduction based on the national average thereof as annually
12 reported by the Federal Communications Commission, or in lieu thereof
13 by itemization by the individual broadcasting station, and excluding
14 that portion of revenue represented by the out-of-state audience
15 computed as a ratio to the station's total audience as measured by the
16 100 micro-volt signal strength and delivery by wire, if any; (7)
17 engaging in activities which bring a person within the definition of
18 consumer contained in RCW 82.04.190(~~(+6+)~~) (1)(f); as to such persons,
19 the amount of tax on such business shall be equal to the gross income
20 of the business multiplied by the rate of 0.484 percent.

21 As used in this section, "cold storage warehouse" means a storage
22 warehouse used to store fresh and/or frozen perishable fruits or
23 vegetables, meat, seafood, dairy products, or fowl, or any combination
24 thereof, at a desired temperature to maintain the quality of the
25 product for orderly marketing.

26 As used in this section, "storage warehouse" means a building or
27 structure, or any part thereof, in which goods, wares, or merchandise
28 are received for storage for compensation, except field warehouses,
29 fruit warehouses, fruit packing plants, warehouses licensed under
30 chapter 22.09 RCW, public garages storing automobiles, railroad freight
31 sheds, docks and wharves, and "self-storage" or "mini storage"
32 facilities whereby customers have direct access to individual storage
33 areas by separate entrance. "Storage warehouse" does not include a
34 building or structure, or that part of such building or structure, in
35 which an activity taxable under RCW 82.04.272 is conducted.

36 As used in this section, "periodical or magazine" means a printed
37 publication, other than a newspaper, issued regularly at stated

1 intervals at least once every three months, including any supplement or
2 special edition of the publication.

3 **Sec. 505.** RCW 82.04.418 and 1983 1st ex.s. c 66 s 2 are each
4 amended to read as follows:

5 The provisions of this chapter (~~shall~~) do not apply to:

6 (1) Grants received from the state or the United States government
7 by municipal corporations or political subdivisions of the state of
8 Washington;

9 (2) Amounts received by any person for research and development
10 under the federal small business innovation research program (114 Stat.
11 2763A; 15 U.S.C. Sec. 638 et seq.);

12 (3) Amounts received by any person for research and development
13 under the federal small business technology transfer program (115 Stat.
14 263; 15 U.S.C. Sec. 638 et seq.); and

15 (4) Income received by the life sciences discovery fund authority
16 under chapter 43.350 RCW.

17 **Sec. 506.** RCW 82.04.4281 and 2002 c 150 s 2 are each amended to
18 read as follows:

19 (1) In computing tax there may be deducted from the measure of tax:

20 (a) Amounts derived from investments;

21 (b) Amounts derived as dividends or distributions from (~~the~~)
22 the capital account by a parent from its subsidiary entities; and

23 (c) Amounts derived from interest on loans between subsidiary
24 entities and a parent entity or between subsidiaries of a common parent
25 entity, but only if the total investment and loan income is less than
26 five percent of gross receipts of the business annually.

27 (2) The following are not deductible under subsection (1)(a) of
28 this section:

29 (a) Amounts received from loans, except as provided in subsection
30 (1)(c) of this section, or the extension of credit to another,
31 revolving credit arrangements, installment sales, the acceptance of
32 payment over time for goods or services, or any of the foregoing that
33 have been transferred by the originator of the same to an affiliate of
34 the transferor; or

35 (b) Amounts received by a banking, lending, or security business.

36 (3) The definitions in this subsection apply only to this section.

1 (a) "Banking business" means a person engaging in business as a
2 national or state-chartered bank, a mutual savings bank, a savings and
3 loan association, a trust company, an alien bank, a foreign bank, a
4 credit union, a stock savings bank, or a similar entity that is
5 chartered under Title 30, 31, 32, or 33 RCW, or organized under Title
6 12 U.S.C.

7 (b) "Lending business" means a person engaged in the business of
8 making secured or unsecured loans of money, or extending credit, and
9 (i) more than one-half of the person's gross income is earned from such
10 activities and (ii) more than one-half of the person's total
11 expenditures are incurred in support of such activities.

12 (c) The terms "loan" and "extension of credit" do not include
13 ownership of or trading in publicly traded debt instruments, or
14 substantially equivalent instruments offered in a private placement.

15 (d) "Security business" means a person, other than an issuer, who
16 is engaged in the business of effecting transactions in securities as
17 a broker, dealer, or broker-dealer, as those terms are defined in the
18 securities act of Washington, chapter 21.20 RCW, or the federal
19 securities act of 1933. "Security business" does not include any
20 company excluded from the definition of broker or dealer under the
21 federal investment company act of 1940 or any entity that is not an
22 investment company by reason of sections 3(c)(1) and 3(c)(3) through
23 3(c)(14) thereof.

24 **Sec. 507.** RCW 82.04.4286 and 1980 c 37 s 7 are each amended to
25 read as follows:

26 ~~((In computing tax there may be deducted from the measure of tax))~~
27 This chapter does not apply to amounts derived from business which the
28 state is prohibited from taxing under the Constitution of this state or
29 the Constitution or laws of the United States.

30 **Sec. 508.** RCW 82.04.440 and 2005 c 301 s 3 are each amended to
31 read as follows:

32 (1) Every person engaged in activities ~~((which))~~ that are ~~((within~~
33 ~~the purview of the provisions of two or more of sections))~~ subject to
34 tax under two or more provisions of RCW 82.04.230 ~~((to))~~ through
35 82.04.298, inclusive, shall be taxable under each ~~((paragraph))~~
36 provision applicable to ~~((the))~~ those activities ~~((engaged in))~~.

1 (2) Persons taxable under RCW 82.04.2909(2), 82.04.250, 82.04.270,
2 82.04.294(2), or 82.04.260(1)(c), (4), or (~~(+13)~~) (11) with respect to
3 selling products in this state shall be allowed a credit against those
4 taxes for any (a) manufacturing taxes paid with respect to the
5 manufacturing of products so sold in this state, and/or (b) extracting
6 taxes paid with respect to the extracting of products so sold in this
7 state or ingredients of products so sold in this state. Extracting
8 taxes taken as credit under subsection (3) of this section may also be
9 taken under this subsection, if otherwise allowable under this
10 subsection. The amount of the credit shall not exceed the tax
11 liability arising under this chapter with respect to the sale of those
12 products.

13 (3) Persons taxable under RCW 82.04.240 or 82.04.260(1)(b) shall be
14 allowed a credit against those taxes for any extracting taxes paid with
15 respect to extracting the ingredients of the products so manufactured
16 in this state. The amount of the credit shall not exceed the tax
17 liability arising under this chapter with respect to the manufacturing
18 of those products.

19 (4) Persons taxable under RCW 82.04.230, 82.04.240, 82.04.2909(1),
20 82.04.294(1), or 82.04.260 (1), (2), (4), (~~(+6)~~) or (~~(+13)~~) (11)
21 with respect to extracting or manufacturing products in this state
22 shall be allowed a credit against those taxes for any (i) gross
23 receipts taxes paid to another state with respect to the sales of the
24 products so extracted or manufactured in this state, (ii) manufacturing
25 taxes paid with respect to the manufacturing of products using
26 ingredients so extracted in this state, or (iii) manufacturing taxes
27 paid with respect to manufacturing activities completed in another
28 state for products so manufactured in this state. The amount of the
29 credit shall not exceed the tax liability arising under this chapter
30 with respect to the extraction or manufacturing of those products.

31 (5) For the purpose of this section:

32 (a) "Gross receipts tax" means a tax:

33 (i) Which is imposed on or measured by the gross volume of
34 business, in terms of gross receipts or in other terms, and in the
35 determination of which the deductions allowed would not constitute the
36 tax an income tax or value added tax; and

37 (ii) Which is also not, pursuant to law or custom, separately
38 stated from the sales price.

1 (b) "State" means (i) the state of Washington, (ii) a state of the
2 United States other than Washington, or any political subdivision of
3 such other state, (iii) the District of Columbia, and (iv) any foreign
4 country or political subdivision thereof.

5 (c) "Manufacturing tax" means a gross receipts tax imposed on the
6 act or privilege of engaging in business as a manufacturer, and
7 includes (i) the taxes imposed in RCW 82.04.240, 82.04.2909(1),
8 82.04.260 (1), (2), (4), and (~~(13)~~) (11), and 82.04.294(1); and (ii)
9 similar gross receipts taxes paid to other states.

10 (d) "Extracting tax" means a gross receipts tax imposed on the act
11 or privilege of engaging in business as an extractor, and includes the
12 tax imposed in RCW 82.04.230 and similar gross receipts taxes paid to
13 other states.

14 (e) "Business", "manufacturer", "extractor", and other terms used
15 in this section have the meanings given in RCW 82.04.020 through
16 82.04.212, notwithstanding the use of those terms in the context of
17 describing taxes imposed by other states.

18 **Sec. 509.** RCW 82.04.440 and 2006 c . . . s 508 (section 508 of
19 this act) are each amended to read as follows:

20 (1) Every person engaged in activities that are subject to tax
21 under two or more provisions of RCW 82.04.230 through 82.04.298,
22 inclusive, shall be taxable under each provision applicable to those
23 activities.

24 (2) Persons taxable under RCW 82.04.2909(2), 82.04.250, 82.04.270,
25 82.04.294(2), or 82.04.260(1) (c) or (e), (4), or (11) with respect to
26 selling products in this state shall be allowed a credit against those
27 taxes for any (a) manufacturing taxes paid with respect to the
28 manufacturing of products so sold in this state, and/or (b) extracting
29 taxes paid with respect to the extracting of products so sold in this
30 state or ingredients of products so sold in this state. Extracting
31 taxes taken as credit under subsection (3) of this section may also be
32 taken under this subsection, if otherwise allowable under this
33 subsection. The amount of the credit shall not exceed the tax
34 liability arising under this chapter with respect to the sale of those
35 products.

36 (3) Persons taxable under RCW 82.04.240 or 82.04.260(1)(b) shall be
37 allowed a credit against those taxes for any extracting taxes paid with

1 respect to extracting the ingredients of the products so manufactured
2 in this state. The amount of the credit shall not exceed the tax
3 liability arising under this chapter with respect to the manufacturing
4 of those products.

5 (4) Persons taxable under RCW 82.04.230, 82.04.240, 82.04.2909(1),
6 82.04.294(1), or 82.04.260 (1), (2), (4), or (11) with respect to
7 extracting or manufacturing products in this state shall be allowed a
8 credit against those taxes for any (i) gross receipts taxes paid to
9 another state with respect to the sales of the products so extracted or
10 manufactured in this state, (ii) manufacturing taxes paid with respect
11 to the manufacturing of products using ingredients so extracted in this
12 state, or (iii) manufacturing taxes paid with respect to manufacturing
13 activities completed in another state for products so manufactured in
14 this state. The amount of the credit shall not exceed the tax
15 liability arising under this chapter with respect to the extraction or
16 manufacturing of those products.

17 (5) For the purpose of this section:

18 (a) "Gross receipts tax" means a tax:

19 (i) Which is imposed on or measured by the gross volume of
20 business, in terms of gross receipts or in other terms, and in the
21 determination of which the deductions allowed would not constitute the
22 tax an income tax or value added tax; and

23 (ii) Which is also not, pursuant to law or custom, separately
24 stated from the sales price.

25 (b) "State" means (i) the state of Washington, (ii) a state of the
26 United States other than Washington, or any political subdivision of
27 such other state, (iii) the District of Columbia, and (iv) any foreign
28 country or political subdivision thereof.

29 (c) "Manufacturing tax" means a gross receipts tax imposed on the
30 act or privilege of engaging in business as a manufacturer, and
31 includes (i) the taxes imposed in RCW 82.04.240, 82.04.2909(1),
32 82.04.260 (1), (2), (4), and (11), and 82.04.294(1); and (ii) similar
33 gross receipts taxes paid to other states.

34 (d) "Extracting tax" means a gross receipts tax imposed on the act
35 or privilege of engaging in business as an extractor, and includes the
36 tax imposed in RCW 82.04.230 and similar gross receipts taxes paid to
37 other states.

1 (e) "Business", "manufacturer", "extractor", and other terms used
2 in this section have the meanings given in RCW 82.04.020 through
3 82.04.212, notwithstanding the use of those terms in the context of
4 describing taxes imposed by other states.

5 **Sec. 510.** RCW 82.04.4462 and 2003 2nd sp.s. c 1 s 8 are each
6 amended to read as follows:

7 (1) In computing the tax imposed under this chapter, a credit is
8 allowed for the investment related to design and preproduction
9 development computer software and hardware acquired between July 1,
10 1995, and December 1, 2003, and used by an eligible person primarily
11 for the digital design and development of commercial airplanes. The
12 credit shall be equal to the purchase price of such property,
13 multiplied by 8.44 percent. Credit taken in any one calendar year may
14 not exceed ten million dollars, and total lifetime credit taken under
15 this section by any one person may not exceed twenty million dollars.
16 Credit may be carried over until used.

17 (2) The definitions in this subsection apply throughout this
18 section.

19 (a) "Commercial airplane" has the meaning given in RCW 82.32.550.

20 (b) "Design and preproduction development computer software and
21 hardware" means computer-aided three-dimensional interactive
22 applications and other solid modeling computer technology that allow
23 for electronic design and testing during product development.

24 (c) "Eligible person" means a person as defined in RCW 82.04.030,
25 who is a manufacturer of commercial airplanes.

26 (3) An application must be made to the department before taking the
27 credit under this section. The application shall be made to the
28 department in a form and manner prescribed by the department. The
29 application shall contain information regarding the uses of the
30 computer software and hardware, purchase price, dates of acquisition,
31 and other information required by the department. The department shall
32 rule on the application within sixty days. All applications must be
33 received by the department within one year of December 1, 2003.

34 (4) This section expires July 1, (~~2024~~) 2006.

35 **Sec. 511.** RCW 82.04.4328 and 1985 c 471 s 7 are each amended to
36 read as follows:

1 (1) For the purposes of RCW 82.04.4322, 82.04.4324, 82.04.4326,
2 82.04.4327, and 82.08.031, (~~(and 82.12.031,)~~) the term "artistic or
3 cultural organization" means an organization which is organized and
4 operated exclusively for the purpose of providing artistic or cultural
5 exhibitions, presentations, or performances or cultural or art
6 education programs, as defined in subsection (2) of this section, for
7 viewing or attendance by the general public. The organization must be
8 a not-for-profit corporation under chapter 24.03 RCW and managed by a
9 governing board of not less than eight individuals none of whom is a
10 paid employee of the organization or by a corporation sole under
11 chapter 24.12 RCW. In addition, to qualify for deduction or exemption
12 from taxation under RCW 82.04.4322, 82.04.4324, 82.04.4326, 82.04.4327,
13 82.08.031, and (~~82.12.031~~) section 401 of this act, the corporation
14 shall satisfy the following conditions:

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

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

22 (c) Assets of the corporation must be irrevocably dedicated to the
23 activities for which the exemption is granted and, on the liquidation,
24 dissolution, or abandonment by the corporation, may not inure directly
25 or indirectly to the benefit of any member or individual except a
26 nonprofit organization, association, or corporation which also would be
27 entitled to the exemption;

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

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

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

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

36 (2) The term "artistic or cultural exhibitions, presentations, or
37 performances or cultural or art education programs" includes and is
38 limited to:

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

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

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

8 NEW SECTION. **Sec. 512.** The following acts or parts of acts are
9 each repealed:

10 (1) RCW 82.04.055 (Selected business services) and 1997 c 304 s 3;

11 (2) RCW 82.04.150 ("Engaging in business") and 1961 c 15 s
12 82.04.150;

13 (3) RCW 82.04.4261 (Exemptions--Federal small business innovation
14 research program) and 2004 c 2 s 9;

15 (4) RCW 82.04.4262 (Exemptions--Federal small business technology
16 transfer program) and 2004 c 2 s 10; and

17 (5) RCW 82.04.4263 (Exemptions--Income received by the life
18 sciences discovery fund authority) and 2005 c 424 s 11.

19 **PART VI**

20 **GENERAL ADMINISTRATIVE PROVISIONS**

21 **Sec. 601.** RCW 82.32.550 and 2003 2nd sp.s. c 1 s 17 are each
22 amended to read as follows:

23 (1)(a) Chapter 1, Laws of 2003 2nd sp. sess. takes effect on the
24 first day of the month in which the governor and a manufacturer of
25 commercial airplanes sign a memorandum of agreement regarding an
26 affirmative final decision to site a significant commercial airplane
27 final assembly facility in Washington state. The department shall
28 provide notice of the effective date of chapter 1, Laws of 2003 2nd sp.
29 sess. to affected taxpayers, the legislature, and others as deemed
30 appropriate by the department.

31 (b) Chapter 1, Laws of 2003 2nd sp. sess. is contingent upon the
32 siting of a significant commercial airplane final assembly facility in
33 the state of Washington. If a memorandum of agreement under subsection
34 (1) of this section is not signed by June 30, 2005, chapter 1, Laws of
35 2003 2nd sp. sess. is null and void.

1 (c)(i) The department shall make a determination regarding the date
2 final assembly of a superefficient airplane begins in Washington state.
3 The rates in RCW 82.04.260(~~(+13+)~~) (11) (a)(ii) and (b)(ii) take effect
4 the first day of the month such assembly begins, or July 1, 2007,
5 whichever is later. The department shall provide notice of the
6 effective date of such rates to affected taxpayers, the legislature,
7 and others as deemed appropriate by the department.

8 (ii) If on December 31, 2007, final assembly of a superefficient
9 airplane has not begun in Washington state, the department shall
10 provide notice of such to affected taxpayers, the legislature, and
11 others as deemed appropriate by the department.

12 (2) The definitions in this subsection apply throughout this
13 section.

14 (a) "Commercial airplane" has its ordinary meaning, which is an
15 airplane certified by the federal aviation administration for
16 transporting persons or property, and any military derivative of such
17 an airplane.

18 (b) "Component" means a part or system certified by the federal
19 aviation administration for installation or assembly into a commercial
20 airplane.

21 (c) "Final assembly of a superefficient airplane" means the
22 activity of assembling an airplane from components parts necessary for
23 its mechanical operation such that the finished commercial airplane is
24 ready to deliver to the ultimate consumer.

25 (d) "Significant commercial airplane final assembly facility" means
26 a location with the capacity to produce at least thirty-six
27 superefficient airplanes a year.

28 (e) "Siting" means a final decision by a manufacturer to locate a
29 significant commercial airplane final assembly facility in Washington
30 state.

31 (f) "Superefficient airplane" means a twin aisle airplane that
32 carries between two hundred and three hundred fifty passengers, with a
33 range of more than seven thousand two hundred nautical miles, a
34 cruising speed of approximately mach .85, and that uses fifteen to
35 twenty percent less fuel than other similar airplanes on the market.

36 **Sec. 602.** RCW 82.12.045 and 2003 c 361 s 303 are each amended to
37 read as follows:

1 (1) (~~In the collection of the use tax on motor vehicles,~~) (a) The
2 department (~~of revenue~~) may designate the county auditors of the
3 several counties of the state as its collecting agents in the
4 collection of the use tax on: (i) Tangible personal property
5 consisting of vehicles as defined in RCW 46.04.670, off-road vehicles
6 as defined in RCW 46.09.020, snowmobiles as defined in RCW 46.10.010,
7 or vessels as defined in RCW 88.02.010; and (ii) any extended warranty
8 or maintenance agreement for any item of tangible personal property
9 described in (a)(i) of this subsection.

10 (b) Upon such designation, (~~it shall be the duty of~~) each county
11 auditor (~~to~~) shall collect the tax (~~at the time~~) when an applicant
12 applies for the registration of, and transfer of certificate of
13 ownership or vessel certificate of title to, the (~~motor vehicle~~)
14 property, except (in the following instances) where the:

15 (~~(a) Where the~~) (i) Applicant exhibits a dealer's report of sale
16 showing that (~~the retail sales tax has been collected by~~) the dealer
17 has collected the retail sales tax on the tangible personal property in
18 question and on any extended warranty or maintenance agreement on that
19 tangible personal property;

20 (~~(b) Where the~~) (ii) Application is for the renewal of
21 registration;

22 (~~(c) Where the~~) (iii) Applicant presents a written statement
23 signed by the department (~~of revenue~~), or its duly authorized agent
24 showing that no use tax is legally due; or

25 (~~(d) Where the~~) (iv) Applicant presents satisfactory evidence
26 showing that the applicant has paid the retail sales tax or the use tax
27 (~~has been paid by the applicant~~) on the (~~vehicle~~) tangible personal
28 property in question and on any extended warranty or maintenance
29 agreement on that tangible personal property.

30 (2) (~~The term "motor vehicle," as used in this section means and~~
31 ~~includes all motor vehicles, trailers and semitrailers used, or of a~~
32 ~~type designed primarily to be used, upon the public streets and~~
33 ~~highways, for the convenience or pleasure of the owner, or for the~~
34 ~~conveyance, for hire or otherwise, of persons or property, including~~
35 ~~fixed loads, facilities for human habitation, and vehicles carrying~~
36 ~~exempt licenses.~~

37 (3) ~~It shall be the duty of~~) Every applicant applying for
38 registration and transfer of certificate of ownership or vessel

1 certificate of title who is subject to payment of tax under this
2 section ~~((to))~~ shall declare upon the application the value of the
3 ~~((vehicle))~~ property for which application is made, which shall consist
4 of the consideration paid or contracted to be paid therefor.

5 ~~((4) Each county auditor who acts as agent of the department of
6 revenue shall at the time of))~~ (3) When remitting license fee receipts
7 on ~~((motor vehicles))~~ tangible personal property subject to the
8 provisions of this section, each county auditor shall pay over and
9 account to the state treasurer for all use tax revenue collected under
10 this section~~((, after first deducting as))~~. Each county auditor may
11 deduct a collection fee ~~((the sum))~~ of two dollars for each ~~((motor~~
12 ~~vehicle))~~ transfer of personal property upon which the tax ~~((has been))~~
13 was collected. Except as provided in subsection (6) of this section,
14 the state treasurer shall credit all revenue received ~~((by the state~~
15 ~~treasurer))~~ under this section ~~((shall be credited))~~ to the general
16 fund. Each county auditor shall deposit the ~~((auditor's))~~ collection
17 fee ~~((shall be deposited))~~ in the county current expense fund. A
18 duplicate of the county auditor's transmittal report to the state
19 treasurer shall be forwarded ~~((forthwith))~~ immediately to the
20 department ~~((of revenue))~~.

21 ~~((5))~~ (4) Any applicant who ~~((has))~~ paid use tax to a county
22 auditor under this section may apply to the department ~~((of revenue))~~
23 for refund ~~((thereof))~~ if ~~((he or she))~~ that person has reason to
24 believe that such tax was not legally due and owing. No refund shall
25 be allowed unless application therefor is received by the department
26 ~~((of revenue))~~ within the statutory period for assessment of taxes,
27 penalties, or interest prescribed by RCW 82.32.050(3). Upon receipt of
28 an application for refund the department ~~((of revenue))~~ shall consider
29 the same and issue its order either granting or denying it and if
30 refund is denied, the taxpayer ~~((shall have the right of))~~ may appeal
31 as provided in RCW 82.32.170~~((,))~~ and 82.32.180 ~~((and 82.32.190))~~.

32 ~~((6))~~ (5) The provisions of this section shall be construed as
33 cumulative of other methods prescribed in ~~((chapters 82.04 to 82.32~~
34 ~~RCW, inclusive,))~~ this title for the collection of the tax imposed by
35 this chapter. The department ~~((of revenue shall have power to~~
36 ~~promulgate such))~~ may adopt rules ~~((as may be))~~ necessary to administer
37 the provisions of this section. Any duties required by this section to

1 be performed by the county auditor may be performed by the director of
2 licensing but no collection fee shall be deductible by said director in
3 remitting use tax revenue to the state treasurer.

4 ((+7)) (6) The use tax revenue collected on the rate provided in
5 RCW 82.08.020(3) shall be deposited in the multimodal transportation
6 account under RCW 47.66.070.

7 **PART VII**
8 **PROPERTY TAX PROVISIONS**

9 **Sec. 701.** RCW 84.33.140 and 2003 c 170 s 5 are each amended to
10 read as follows:

11 (1) When land has been designated as forest land under RCW
12 84.33.130, a notation of the designation shall be made each year upon
13 the assessment and tax rolls. A copy of the notice of approval
14 together with the legal description or assessor's parcel numbers for
15 the land shall, at the expense of the applicant, be filed by the
16 assessor in the same manner as deeds are recorded.

17 (2) In preparing the assessment roll as of January 1, 2002, for
18 taxes payable in 2003 and each January 1st thereafter, the assessor
19 shall list each parcel of designated forest land at a value with
20 respect to the grade and class provided in this subsection and adjusted
21 as provided in subsection (3) of this section. The assessor shall
22 compute the assessed value of the land using the same assessment ratio
23 applied generally in computing the assessed value of other property in
24 the county. Values for the several grades of bare forest land shall be
25 as follows:

26

27	LAND	OPERABILITY	VALUES
28	GRADE	CLASS	PER ACRE
29		1	\$234
30	1	2	229
31		3	217
32		4	157
33		1	198
34	2	2	190

1		3	183
2		4	132
3		1	154
4	3	2	149
5		3	148
6		4	113
7		1	117
8	4	2	114
9		3	113
10		4	86
11		1	85
12	5	2	78
13		3	77
14		4	52
15		1	43
16	6	2	39
17		3	39
18		4	37
19		1	21
20	7	2	21
21		3	20
22		4	20
23	8		1

24 (3) On or before December 31, 2001, the department shall adjust by
25 rule under chapter 34.05 RCW, the forest land values contained in
26 subsection (2) of this section in accordance with this subsection, and
27 shall certify the adjusted values to the assessor who will use these
28 values in preparing the assessment roll as of January 1, 2002. For the
29 adjustment to be made on or before December 31, 2001, for use in the
30 2002 assessment year, the department shall:

31 (a) Divide the aggregate value of all timber harvested within the
32 state between July 1, 1996, and June 30, 2001, by the aggregate harvest
33 volume for the same period, as determined from the harvester excise tax
34 returns filed with the department under RCW 84.33.074; and

35 (b) Divide the aggregate value of all timber harvested within the
36 state between July 1, 1995, and June 30, 2000, by the aggregate harvest
37 volume for the same period, as determined from the harvester excise tax
38 returns filed with the department under RCW 84.33.074; and

1 (c) Adjust the forest land values contained in subsection (2) of
2 this section by a percentage equal to one-half of the percentage change
3 in the average values of harvested timber reflected by comparing the
4 resultant values calculated under (a) and (b) of this subsection.

5 (4) For the adjustments to be made on or before December 31, 2002,
6 and each succeeding year thereafter, the same procedure described in
7 subsection (3) of this section shall be followed using harvester excise
8 tax returns filed under RCW 84.33.074. However, this adjustment shall
9 be made to the prior year's adjusted value, and the five-year periods
10 for calculating average harvested timber values shall be successively
11 one year more recent.

12 (5) Land graded, assessed, and valued as forest land shall continue
13 to be so graded, assessed, and valued until removal of designation by
14 the assessor upon the occurrence of any of the following:

15 (a) Receipt of notice from the owner to remove the designation;

16 (b) Sale or transfer to an ownership making the land exempt from ad
17 valorem taxation;

18 (c) Sale or transfer of all or a portion of the land to a new
19 owner, unless the new owner has signed a notice of forest land
20 designation continuance, except transfer to an owner who is an heir or
21 devisee of a deceased owner, shall not, by itself, result in removal of
22 designation. The signed notice of continuance shall be attached to the
23 real estate excise tax affidavit provided for in RCW 82.45.150. The
24 notice of continuance shall be on a form prepared by the department.
25 If the notice of continuance is not signed by the new owner and
26 attached to the real estate excise tax affidavit, all compensating
27 taxes calculated under subsection (11) of this section shall become due
28 and payable by the seller or transferor at time of sale. The auditor
29 shall not accept an instrument of conveyance regarding designated
30 forest land for filing or recording unless the new owner has signed the
31 notice of continuance or the compensating tax has been paid, as
32 evidenced by the real estate excise tax stamp affixed thereto by the
33 treasurer. The seller, transferor, or new owner may appeal the new
34 assessed valuation calculated under subsection (11) of this section to
35 the county board of equalization in accordance with the provisions of
36 RCW 84.40.038. Jurisdiction is hereby conferred on the county board of
37 equalization to hear these appeals;

1 (d) Determination by the assessor, after giving the owner written
2 notice and an opportunity to be heard, that:

3 (i) The land is no longer primarily devoted to and used for growing
4 and harvesting timber. However, land shall not be removed from
5 designation if a governmental agency, organization, or other recipient
6 identified in subsection (13) or (14) of this section as exempt from
7 the payment of compensating tax has manifested its intent in writing or
8 by other official action to acquire a property interest in the
9 designated forest land by means of a transaction that qualifies for an
10 exemption under subsection (13) or (14) of this section. The
11 governmental agency, organization, or recipient shall annually provide
12 the assessor of the county in which the land is located reasonable
13 evidence in writing of the intent to acquire the designated land as
14 long as the intent continues or within sixty days of a request by the
15 assessor. The assessor may not request this evidence more than once in
16 a calendar year;

17 (ii) The owner has failed to comply with a final administrative or
18 judicial order with respect to a violation of the restocking, forest
19 management, fire protection, insect and disease control, and forest
20 debris provisions of Title 76 RCW or any applicable rules under Title
21 76 RCW; or

22 (iii) Restocking has not occurred to the extent or within the time
23 specified in the application for designation of such land.

24 (6) Land shall not be removed from designation if there is a
25 governmental restriction that prohibits, in whole or in part, the owner
26 from harvesting timber from the owner's designated forest land. If
27 only a portion of the parcel is impacted by governmental restrictions
28 of this nature, the restrictions cannot be used as a basis to remove
29 the remainder of the forest land from designation under this chapter.
30 For the purposes of this section, "governmental restrictions" includes:
31 (a) Any law, regulation, rule, ordinance, program, or other action
32 adopted or taken by a federal, state, county, city, or other
33 governmental entity; or (b) the land's zoning or its presence within an
34 urban growth area designated under RCW 36.70A.110.

35 (7) The assessor shall have the option of requiring an owner of
36 forest land to file a timber management plan with the assessor upon the
37 occurrence of one of the following:

38 (a) An application for designation as forest land is submitted; or

1 (b) Designated forest land is sold or transferred and a notice of
2 continuance, described in subsection (5)(c) of this section, is signed.

3 (8) If land is removed from designation because of any of the
4 circumstances listed in subsection (5)(a) through (c) of this section,
5 the removal shall apply only to the land affected. If land is removed
6 from designation because of subsection (5)(d) of this section, the
7 removal shall apply only to the actual area of land that is no longer
8 primarily devoted to the growing and harvesting of timber, without
9 regard to any other land that may have been included in the application
10 and approved for designation, as long as the remaining designated
11 forest land meets the definition of forest land contained in RCW
12 84.33.035.

13 (9) Within thirty days after the removal of designation as forest
14 land, the assessor shall notify the owner in writing, setting forth the
15 reasons for the removal. The seller, transferor, or owner may appeal
16 the removal to the county board of equalization in accordance with the
17 provisions of RCW 84.40.038.

18 (10) Unless the removal is reversed on appeal a copy of the notice
19 of removal with a notation of the action, if any, upon appeal, together
20 with the legal description or assessor's parcel numbers for the land
21 removed from designation shall, at the expense of the applicant, be
22 filed by the assessor in the same manner as deeds are recorded and a
23 notation of removal from designation shall immediately be made upon the
24 assessment and tax rolls. The assessor shall revalue the land to be
25 removed with reference to its true and fair value as of January 1st of
26 the year of removal from designation. Both the assessed value before
27 and after the removal of designation shall be listed. Taxes based on
28 the value of the land as forest land shall be assessed and payable up
29 until the date of removal and taxes based on the true and fair value of
30 the land shall be assessed and payable from the date of removal from
31 designation.

32 (11) Except as provided in subsection (5)(c), (13), or (14) of this
33 section, a compensating tax shall be imposed on land removed from
34 designation as forest land. The compensating tax shall be due and
35 payable to the treasurer thirty days after the owner is notified of the
36 amount of this tax. As soon as possible after the land is removed from
37 designation, the assessor shall compute the amount of compensating tax
38 and mail a notice to the owner of the amount of compensating tax owed

1 and the date on which payment of this tax is due. The amount of
2 compensating tax shall be equal to the difference between the amount of
3 tax last levied on the land as designated forest land and an amount
4 equal to the new assessed value of the land multiplied by the dollar
5 rate of the last levy extended against the land, multiplied by a
6 number, in no event greater than nine, equal to the number of years for
7 which the land was designated as forest land, plus compensating taxes
8 on the land at forest land values up until the date of removal and the
9 prorated taxes on the land at true and fair value from the date of
10 removal to the end of the current tax year.

11 (12) Compensating tax, together with applicable interest thereon,
12 shall become a lien on the land which shall attach at the time the land
13 is removed from designation as forest land and shall have priority to
14 and shall be fully paid and satisfied before any recognizance,
15 mortgage, judgment, debt, obligation, or responsibility to or with
16 which the land may become charged or liable. The lien may be
17 foreclosed upon expiration of the same period after delinquency and in
18 the same manner provided by law for foreclosure of liens for delinquent
19 real property taxes as provided in RCW 84.64.050. Any compensating tax
20 unpaid on its due date shall thereupon become delinquent. From the
21 date of delinquency until paid, interest shall be charged at the same
22 rate applied by law to delinquent ad valorem property taxes.

23 (13) The compensating tax specified in subsection (11) of this
24 section shall not be imposed if the removal of designation under
25 subsection (5) of this section resulted solely from:

26 (a) Transfer to a government entity in exchange for other forest
27 land located within the state of Washington;

28 (b) A taking through the exercise of the power of eminent domain,
29 or sale or transfer to an entity having the power of eminent domain in
30 anticipation of the exercise of such power;

31 (c) A donation of fee title, development rights, or the right to
32 harvest timber, to a government agency or organization qualified under
33 RCW 84.34.210 and 64.04.130 for the purposes enumerated in those
34 sections, or the sale or transfer of fee title to a governmental entity
35 or a nonprofit nature conservancy corporation, as defined in RCW
36 64.04.130, exclusively for the protection and conservation of lands
37 recommended for state natural area preserve purposes by the natural
38 heritage council and natural heritage plan as defined in chapter 79.70

1 RCW. At such time as the land is not used for the purposes enumerated,
2 the compensating tax specified in subsection (11) of this section shall
3 be imposed upon the current owner;

4 (d) The sale or transfer of fee title to the parks and recreation
5 commission for park and recreation purposes;

6 (e) Official action by an agency of the state of Washington or by
7 the county or city within which the land is located that disallows the
8 present use of the land;

9 (f) The creation, sale, or transfer of forestry riparian easements
10 under RCW 76.13.120;

11 (g) The creation, sale, or transfer of a fee interest or a
12 conservation easement for the riparian open space program under RCW
13 76.09.040; or

14 (h) The sale or transfer of land within two years after the death
15 of the owner of at least a fifty percent interest in the land if the
16 land has been assessed and valued as classified forest land, designated
17 as forest land under this chapter, or classified under chapter 84.34
18 RCW continuously since 1993. The date of death shown on a death
19 certificate is the date used for the purposes of this subsection
20 (13)(h)(~~i~~ or

21 ~~(i) The sale or transfer of land after the death of the owner of at~~
22 ~~least a fifty percent interest in the land if the land has been~~
23 ~~assessed and valued as classified forest land, designated as forest~~
24 ~~land under this chapter, or classified under chapter 84.34 RCW~~
25 ~~continuously since 1993 and the sale or transfer takes place after July~~
26 ~~22, 2001, and on or before July 22, 2003, and the death of the owner~~
27 ~~occurred after January 1, 1991. The date of death shown on a death~~
28 ~~certificate is the date used for the purposes of this subsection~~
29 ~~(13)(i)).~~

30 (14) In a county with a population of more than one million
31 inhabitants, the compensating tax specified in subsection (11) of this
32 section shall not be imposed if the removal of designation as forest
33 land under subsection (5) of this section resulted solely from:

34 (a) An action described in subsection (13) of this section; or

35 (b) A transfer of a property interest to a government entity, or to
36 a nonprofit historic preservation corporation or nonprofit nature
37 conservancy corporation, as defined in RCW 64.04.130, to protect or
38 enhance public resources, or to preserve, maintain, improve, restore,

1 limit the future use of, or otherwise to conserve for public use or
2 enjoyment, the property interest being transferred. At such time as
3 the property interest is not used for the purposes enumerated, the
4 compensating tax shall be imposed upon the current owner.

5 **Sec. 702.** RCW 84.33.140 and 2005 c 303 s 13 are each amended to
6 read as follows:

7 (1) When land has been designated as forest land under RCW
8 84.33.130, a notation of the designation shall be made each year upon
9 the assessment and tax rolls. A copy of the notice of approval
10 together with the legal description or assessor's parcel numbers for
11 the land shall, at the expense of the applicant, be filed by the
12 assessor in the same manner as deeds are recorded.

13 (2) In preparing the assessment roll as of January 1, 2002, for
14 taxes payable in 2003 and each January 1st thereafter, the assessor
15 shall list each parcel of designated forest land at a value with
16 respect to the grade and class provided in this subsection and adjusted
17 as provided in subsection (3) of this section. The assessor shall
18 compute the assessed value of the land using the same assessment ratio
19 applied generally in computing the assessed value of other property in
20 the county. Values for the several grades of bare forest land shall be
21 as follows:

22	LAND	OPERABILITY	VALUES
23	GRADE	CLASS	PER ACRE
24		1	\$234
25	1	2	229
26		3	217
27		4	157
28		1	198
29	2	2	190
30		3	183
31		4	132
32		1	154
33	3	2	149
34		3	148
35		4	113

1		1	117
2	4	2	114
3		3	113
4		4	86
5		1	85
6	5	2	78
7		3	77
8		4	52
9		1	43
10	6	2	39
11		3	39
12		4	37
13		1	21
14	7	2	21
15		3	20
16		4	20
17	8		1

18 (3) On or before December 31, 2001, the department shall adjust by
19 rule under chapter 34.05 RCW, the forest land values contained in
20 subsection (2) of this section in accordance with this subsection, and
21 shall certify the adjusted values to the assessor who will use these
22 values in preparing the assessment roll as of January 1, 2002. For the
23 adjustment to be made on or before December 31, 2001, for use in the
24 2002 assessment year, the department shall:

25 (a) Divide the aggregate value of all timber harvested within the
26 state between July 1, 1996, and June 30, 2001, by the aggregate harvest
27 volume for the same period, as determined from the harvester excise tax
28 returns filed with the department under RCW 84.33.074; and

29 (b) Divide the aggregate value of all timber harvested within the
30 state between July 1, 1995, and June 30, 2000, by the aggregate harvest
31 volume for the same period, as determined from the harvester excise tax
32 returns filed with the department under RCW 84.33.074; and

33 (c) Adjust the forest land values contained in subsection (2) of
34 this section by a percentage equal to one-half of the percentage change
35 in the average values of harvested timber reflected by comparing the
36 resultant values calculated under (a) and (b) of this subsection.

37 (4) For the adjustments to be made on or before December 31, 2002,
38 and each succeeding year thereafter, the same procedure described in

1 subsection (3) of this section shall be followed using harvester excise
2 tax returns filed under RCW 84.33.074. However, this adjustment shall
3 be made to the prior year's adjusted value, and the five-year periods
4 for calculating average harvested timber values shall be successively
5 one year more recent.

6 (5) Land graded, assessed, and valued as forest land shall continue
7 to be so graded, assessed, and valued until removal of designation by
8 the assessor upon the occurrence of any of the following:

9 (a) Receipt of notice from the owner to remove the designation;

10 (b) Sale or transfer to an ownership making the land exempt from ad
11 valorem taxation;

12 (c) Sale or transfer of all or a portion of the land to a new
13 owner, unless the new owner has signed a notice of forest land
14 designation continuance, except transfer to an owner who is an heir or
15 devisee of a deceased owner, shall not, by itself, result in removal of
16 designation. The signed notice of continuance shall be attached to the
17 real estate excise tax affidavit provided for in RCW 82.45.150. The
18 notice of continuance shall be on a form prepared by the department.
19 If the notice of continuance is not signed by the new owner and
20 attached to the real estate excise tax affidavit, all compensating
21 taxes calculated under subsection (11) of this section shall become due
22 and payable by the seller or transferor at time of sale. The auditor
23 shall not accept an instrument of conveyance regarding designated
24 forest land for filing or recording unless the new owner has signed the
25 notice of continuance or the compensating tax has been paid, as
26 evidenced by the real estate excise tax stamp affixed thereto by the
27 treasurer. The seller, transferor, or new owner may appeal the new
28 assessed valuation calculated under subsection (11) of this section to
29 the county board of equalization in accordance with the provisions of
30 RCW 84.40.038. Jurisdiction is hereby conferred on the county board of
31 equalization to hear these appeals;

32 (d) Determination by the assessor, after giving the owner written
33 notice and an opportunity to be heard, that:

34 (i) The land is no longer primarily devoted to and used for growing
35 and harvesting timber. However, land shall not be removed from
36 designation if a governmental agency, organization, or other recipient
37 identified in subsection (13) or (14) of this section as exempt from
38 the payment of compensating tax has manifested its intent in writing or

1 by other official action to acquire a property interest in the
2 designated forest land by means of a transaction that qualifies for an
3 exemption under subsection (13) or (14) of this section. The
4 governmental agency, organization, or recipient shall annually provide
5 the assessor of the county in which the land is located reasonable
6 evidence in writing of the intent to acquire the designated land as
7 long as the intent continues or within sixty days of a request by the
8 assessor. The assessor may not request this evidence more than once in
9 a calendar year;

10 (ii) The owner has failed to comply with a final administrative or
11 judicial order with respect to a violation of the restocking, forest
12 management, fire protection, insect and disease control, and forest
13 debris provisions of Title 76 RCW or any applicable rules under Title
14 76 RCW; or

15 (iii) Restocking has not occurred to the extent or within the time
16 specified in the application for designation of such land.

17 (6) Land shall not be removed from designation if there is a
18 governmental restriction that prohibits, in whole or in part, the owner
19 from harvesting timber from the owner's designated forest land. If
20 only a portion of the parcel is impacted by governmental restrictions
21 of this nature, the restrictions cannot be used as a basis to remove
22 the remainder of the forest land from designation under this chapter.
23 For the purposes of this section, "governmental restrictions" includes:
24 (a) Any law, regulation, rule, ordinance, program, or other action
25 adopted or taken by a federal, state, county, city, or other
26 governmental entity; or (b) the land's zoning or its presence within an
27 urban growth area designated under RCW 36.70A.110.

28 (7) The assessor shall have the option of requiring an owner of
29 forest land to file a timber management plan with the assessor upon the
30 occurrence of one of the following:

31 (a) An application for designation as forest land is submitted; or

32 (b) Designated forest land is sold or transferred and a notice of
33 continuance, described in subsection (5)(c) of this section, is signed.

34 (8) If land is removed from designation because of any of the
35 circumstances listed in subsection (5)(a) through (c) of this section,
36 the removal shall apply only to the land affected. If land is removed
37 from designation because of subsection (5)(d) of this section, the
38 removal shall apply only to the actual area of land that is no longer

1 primarily devoted to the growing and harvesting of timber, without
2 regard to any other land that may have been included in the application
3 and approved for designation, as long as the remaining designated
4 forest land meets the definition of forest land contained in RCW
5 84.33.035.

6 (9) Within thirty days after the removal of designation as forest
7 land, the assessor shall notify the owner in writing, setting forth the
8 reasons for the removal. The seller, transferor, or owner may appeal
9 the removal to the county board of equalization in accordance with the
10 provisions of RCW 84.40.038.

11 (10) Unless the removal is reversed on appeal a copy of the notice
12 of removal with a notation of the action, if any, upon appeal, together
13 with the legal description or assessor's parcel numbers for the land
14 removed from designation shall, at the expense of the applicant, be
15 filed by the assessor in the same manner as deeds are recorded and a
16 notation of removal from designation shall immediately be made upon the
17 assessment and tax rolls. The assessor shall revalue the land to be
18 removed with reference to its true and fair value as of January 1st of
19 the year of removal from designation. Both the assessed value before
20 and after the removal of designation shall be listed. Taxes based on
21 the value of the land as forest land shall be assessed and payable up
22 until the date of removal and taxes based on the true and fair value of
23 the land shall be assessed and payable from the date of removal from
24 designation.

25 (11) Except as provided in subsection (5)(c), (13), or (14) of this
26 section, a compensating tax shall be imposed on land removed from
27 designation as forest land. The compensating tax shall be due and
28 payable to the treasurer thirty days after the owner is notified of the
29 amount of this tax. As soon as possible after the land is removed from
30 designation, the assessor shall compute the amount of compensating tax
31 and mail a notice to the owner of the amount of compensating tax owed
32 and the date on which payment of this tax is due. The amount of
33 compensating tax shall be equal to the difference between the amount of
34 tax last levied on the land as designated forest land and an amount
35 equal to the new assessed value of the land multiplied by the dollar
36 rate of the last levy extended against the land, multiplied by a
37 number, in no event greater than nine, equal to the number of years for
38 which the land was designated as forest land, plus compensating taxes

1 on the land at forest land values up until the date of removal and the
2 prorated taxes on the land at true and fair value from the date of
3 removal to the end of the current tax year.

4 (12) Compensating tax, together with applicable interest thereon,
5 shall become a lien on the land which shall attach at the time the land
6 is removed from designation as forest land and shall have priority to
7 and shall be fully paid and satisfied before any recognizance,
8 mortgage, judgment, debt, obligation, or responsibility to or with
9 which the land may become charged or liable. The lien may be
10 foreclosed upon expiration of the same period after delinquency and in
11 the same manner provided by law for foreclosure of liens for delinquent
12 real property taxes as provided in RCW 84.64.050. Any compensating tax
13 unpaid on its due date shall thereupon become delinquent. From the
14 date of delinquency until paid, interest shall be charged at the same
15 rate applied by law to delinquent ad valorem property taxes.

16 (13) The compensating tax specified in subsection (11) of this
17 section shall not be imposed if the removal of designation under
18 subsection (5) of this section resulted solely from:

19 (a) Transfer to a government entity in exchange for other forest
20 land located within the state of Washington;

21 (b) A taking through the exercise of the power of eminent domain,
22 or sale or transfer to an entity having the power of eminent domain in
23 anticipation of the exercise of such power;

24 (c) A donation of fee title, development rights, or the right to
25 harvest timber, to a government agency or organization qualified under
26 RCW 84.34.210 and 64.04.130 for the purposes enumerated in those
27 sections, or the sale or transfer of fee title to a governmental entity
28 or a nonprofit nature conservancy corporation, as defined in RCW
29 64.04.130, exclusively for the protection and conservation of lands
30 recommended for state natural area preserve purposes by the natural
31 heritage council and natural heritage plan as defined in chapter 79.70
32 RCW or approved for state natural resources conservation area purposes
33 as defined in chapter 79.71 RCW. At such time as the land is not used
34 for the purposes enumerated, the compensating tax specified in
35 subsection (11) of this section shall be imposed upon the current
36 owner;

37 (d) The sale or transfer of fee title to the parks and recreation
38 commission for park and recreation purposes;

1 (e) Official action by an agency of the state of Washington or by
2 the county or city within which the land is located that disallows the
3 present use of the land;

4 (f) The creation, sale, or transfer of forestry riparian easements
5 under RCW 76.13.120;

6 (g) The creation, sale, or transfer of a fee interest or a
7 conservation easement for the riparian open space program under RCW
8 76.09.040; or

9 (h) The sale or transfer of land within two years after the death
10 of the owner of at least a fifty percent interest in the land if the
11 land has been assessed and valued as classified forest land, designated
12 as forest land under this chapter, or classified under chapter 84.34
13 RCW continuously since 1993. The date of death shown on a death
14 certificate is the date used for the purposes of this subsection
15 (13)(h)(~~;~~ ~~or~~

16 ~~(i) The sale or transfer of land after the death of the owner of at~~
17 ~~least a fifty percent interest in the land if the land has been~~
18 ~~assessed and valued as classified forest land, designated as forest~~
19 ~~land under this chapter, or classified under chapter 84.34 RCW~~
20 ~~continuously since 1993 and the sale or transfer takes place after July~~
21 ~~22, 2001, and on or before July 22, 2003, and the death of the owner~~
22 ~~occurred after January 1, 1991. The date of death shown on a death~~
23 ~~certificate is the date used for the purposes of this subsection~~
24 ~~(13)(i)).~~

25 (14) In a county with a population of more than one million
26 inhabitants, the compensating tax specified in subsection (11) of this
27 section shall not be imposed if the removal of designation as forest
28 land under subsection (5) of this section resulted solely from:

29 (a) An action described in subsection (13) of this section; or

30 (b) A transfer of a property interest to a government entity, or to
31 a nonprofit historic preservation corporation or nonprofit nature
32 conservancy corporation, as defined in RCW 64.04.130, to protect or
33 enhance public resources, or to preserve, maintain, improve, restore,
34 limit the future use of, or otherwise to conserve for public use or
35 enjoyment, the property interest being transferred. At such time as
36 the property interest is not used for the purposes enumerated, the
37 compensating tax shall be imposed upon the current owner.

1 **Sec. 703.** RCW 84.34.108 and 2003 c 170 s 6 are each amended to
2 read as follows:

3 (1) When land has once been classified under this chapter, a
4 notation of the classification shall be made each year upon the
5 assessment and tax rolls and the land shall be valued pursuant to RCW
6 84.34.060 or 84.34.065 until removal of all or a portion of the
7 classification by the assessor upon occurrence of any of the following:

8 (a) Receipt of notice from the owner to remove all or a portion of
9 the classification;

10 (b) Sale or transfer to an ownership, except a transfer that
11 resulted from a default in loan payments made to or secured by a
12 governmental agency that intends to or is required by law or regulation
13 to resell the property for the same use as before, making all or a
14 portion of the land exempt from ad valorem taxation;

15 (c) Sale or transfer of all or a portion of the land to a new
16 owner, unless the new owner has signed a notice of classification
17 continuance, except transfer to an owner who is an heir or devisee of
18 a deceased owner shall not, by itself, result in removal of
19 classification. The notice of continuance shall be on a form prepared
20 by the department. If the notice of continuance is not signed by the
21 new owner and attached to the real estate excise tax affidavit, all
22 additional taxes calculated pursuant to subsection (4) of this section
23 shall become due and payable by the seller or transferor at time of
24 sale. The auditor shall not accept an instrument of conveyance
25 regarding classified land for filing or recording unless the new owner
26 has signed the notice of continuance or the additional tax has been
27 paid, as evidenced by the real estate excise tax stamp affixed thereto
28 by the treasurer. The seller, transferor, or new owner may appeal the
29 new assessed valuation calculated under subsection (4) of this section
30 to the county board of equalization in accordance with the provisions
31 of RCW 84.40.038. Jurisdiction is hereby conferred on the county board
32 of equalization to hear these appeals;

33 (d) Determination by the assessor, after giving the owner written
34 notice and an opportunity to be heard, that all or a portion of the
35 land no longer meets the criteria for classification under this
36 chapter. The criteria for classification pursuant to this chapter
37 continue to apply after classification has been granted.

1 The granting authority, upon request of an assessor, shall provide
2 reasonable assistance to the assessor in making a determination whether
3 the land continues to meet the qualifications of RCW 84.34.020 (1) or
4 (3). The assistance shall be provided within thirty days of receipt of
5 the request.

6 (2) Land may not be removed from classification because of:

7 (a) The creation, sale, or transfer of forestry riparian easements
8 under RCW 76.13.120; or

9 (b) The creation, sale, or transfer of a fee interest or a
10 conservation easement for the riparian open space program under RCW
11 76.09.040.

12 (3) Within thirty days after such removal of all or a portion of
13 the land from current use classification, the assessor shall notify the
14 owner in writing, setting forth the reasons for the removal. The
15 seller, transferor, or owner may appeal the removal to the county board
16 of equalization in accordance with the provisions of RCW 84.40.038.

17 (4) Unless the removal is reversed on appeal, the assessor shall
18 revalue the affected land with reference to its true and fair value on
19 January 1st of the year of removal from classification. Both the
20 assessed valuation before and after the removal of classification shall
21 be listed and taxes shall be allocated according to that part of the
22 year to which each assessed valuation applies. Except as provided in
23 subsection (6) of this section, an additional tax, applicable interest,
24 and penalty shall be imposed which shall be due and payable to the
25 treasurer thirty days after the owner is notified of the amount of the
26 additional tax. As soon as possible, the assessor shall compute the
27 amount of additional tax, applicable interest, and penalty and the
28 treasurer shall mail notice to the owner of the amount thereof and the
29 date on which payment is due. The amount of the additional tax,
30 applicable interest, and penalty shall be determined as follows:

31 (a) The amount of additional tax shall be equal to the difference
32 between the property tax paid as "open space land((=)),_" "farm and
33 agricultural land((=)),_" or "timber land" and the amount of property
34 tax otherwise due and payable for the seven years last past had the
35 land not been so classified;

36 (b) The amount of applicable interest shall be equal to the
37 interest upon the amounts of the additional tax paid at the same

1 statutory rate charged on delinquent property taxes from the dates on
2 which the additional tax could have been paid without penalty if the
3 land had been assessed at a value without regard to this chapter;

4 (c) The amount of the penalty shall be as provided in RCW
5 84.34.080. The penalty shall not be imposed if the removal satisfies
6 the conditions of RCW 84.34.070.

7 (5) Additional tax, applicable interest, and penalty, shall become
8 a lien on the land which shall attach at the time the land is removed
9 from classification under this chapter and shall have priority to and
10 shall be fully paid and satisfied before any recognizance, mortgage,
11 judgment, debt, obligation or responsibility to or with which the land
12 may become charged or liable. This lien may be foreclosed upon
13 expiration of the same period after delinquency and in the same manner
14 provided by law for foreclosure of liens for delinquent real property
15 taxes as provided in RCW 84.64.050 (~~now or as hereafter amended~~).
16 Any additional tax unpaid on its due date shall thereupon become
17 delinquent. From the date of delinquency until paid, interest shall be
18 charged at the same rate applied by law to delinquent ad valorem
19 property taxes.

20 (6) The additional tax, applicable interest, and penalty specified
21 in subsection (4) of this section shall not be imposed if the removal
22 of classification pursuant to subsection (1) of this section resulted
23 solely from:

24 (a) Transfer to a government entity in exchange for other land
25 located within the state of Washington;

26 (b)(i) A taking through the exercise of the power of eminent
27 domain, or (ii) sale or transfer to an entity having the power of
28 eminent domain in anticipation of the exercise of such power, said
29 entity having manifested its intent in writing or by other official
30 action;

31 (c) A natural disaster such as a flood, windstorm, earthquake, or
32 other such calamity rather than by virtue of the act of the landowner
33 changing the use of the property;

34 (d) Official action by an agency of the state of Washington or by
35 the county or city within which the land is located which disallows the
36 present use of the land;

37 (e) Transfer of land to a church when the land would qualify for
38 exemption pursuant to RCW 84.36.020;

1 (f) Acquisition of property interests by state agencies or agencies
2 or organizations qualified under RCW 84.34.210 and 64.04.130 for the
3 purposes enumerated in those sections. At such time as these property
4 interests are not used for the purposes enumerated in RCW 84.34.210 and
5 64.04.130 the additional tax specified in subsection (4) of this
6 section shall be imposed;

7 (g) Removal of land classified as farm and agricultural land under
8 RCW 84.34.020(2)(e);

9 (h) Removal of land from classification after enactment of a
10 statutory exemption that qualifies the land for exemption and receipt
11 of notice from the owner to remove the land from classification;

12 (i) The creation, sale, or transfer of forestry riparian easements
13 under RCW 76.13.120;

14 (j) The creation, sale, or transfer of a fee interest or a
15 conservation easement for the riparian open space program under RCW
16 76.09.040; or

17 (k) The sale or transfer of land within two years after the death
18 of the owner of at least a fifty percent interest in the land if the
19 land has been assessed and valued as classified forest land, designated
20 as forest land under chapter 84.33 RCW, or classified under this
21 chapter continuously since 1993. The date of death shown on a death
22 certificate is the date used for the purposes of this subsection
23 (6)(k)(~~or~~

24 ~~(l) The sale or transfer of land after the death of the owner of at~~
25 ~~least a fifty percent interest in the land if the land has been~~
26 ~~assessed and valued as classified forest land, designated as forest~~
27 ~~land under chapter 84.33 RCW, or classified under this chapter~~
28 ~~continuously since 1993 and the sale or transfer takes place after July~~
29 ~~22, 2001, and on or before July 22, 2003, and the death of the owner~~
30 ~~occurred after January 1, 1991. The date of death shown on a death~~
31 ~~certificate is the date used for the purpose of this subsection~~
32 ~~(6)(l)))).~~

33 **Sec. 704.** RCW 84.52.010 and 2005 c 122 s 2 are each amended to
34 read as follows:

35 Except as is permitted under RCW 84.55.050, all taxes shall be
36 levied or voted in specific amounts.

1 The rate percent of all taxes for state and county purposes, and
2 purposes of taxing districts coextensive with the county, shall be
3 determined, calculated, and fixed by the county assessors of the
4 respective counties, within the limitations provided by law, upon the
5 assessed valuation of the property of the county, as shown by the
6 completed tax rolls of the county, and the rate percent of all taxes
7 levied for purposes of taxing districts within any county shall be
8 determined, calculated, and fixed by the county assessors of the
9 respective counties, within the limitations provided by law, upon the
10 assessed valuation of the property of the taxing districts
11 respectively.

12 When a county assessor finds that the aggregate rate of tax levy on
13 any property, that is subject to the limitations set forth in RCW
14 84.52.043 or 84.52.050, exceeds the limitations provided in either of
15 these sections, the assessor shall recompute and establish a
16 consolidated levy in the following manner:

17 (1) The full certified rates of tax levy for state, county, county
18 road district, and city or town purposes shall be extended on the tax
19 rolls in amounts not exceeding the limitations established by law;
20 however any state levy shall take precedence over all other levies and
21 shall not be reduced for any purpose other than that required by RCW
22 84.55.010. If, as a result of the levies imposed under RCW
23 (~~84.52.125, 84.52.135, 36.54.130, 84.52.069, 84.34.230, the portion of~~
24 ~~the levy by a metropolitan park district that was protected under RCW~~
25 ~~84.52.120, and 84.52.105)) 36.54.130, 84.34.230, 84.52.069, 84.52.105,
26 the portion of the levy by a metropolitan park district that was
27 protected under RCW 84.52.120, 84.52.125, and 84.52.135, the combined
28 rate of regular property tax levies that are subject to the one percent
29 limitation exceeds one percent of the true and fair value of any
30 property, then these levies shall be reduced as follows:~~

31 (a) The portion of the levy by a fire protection district that is
32 protected under RCW 84.52.125 shall be reduced until the combined rate
33 no longer exceeds one percent of the true and fair value of any
34 property or shall be eliminated;

35 (b) If the combined rate of regular property tax levies that are
36 subject to the one percent limitation still exceeds one percent of the
37 true and fair value of any property, the levy imposed by a county under

1 RCW 84.52.135 must be reduced until the combined rate no longer exceeds
2 one percent of the true and fair value of any property or must be
3 eliminated;

4 (c) If the combined rate of regular property tax levies that are
5 subject to the one percent limitation still exceeds one percent of the
6 true and fair value of any property, the levy imposed by a ferry
7 district under RCW 36.54.130 must be reduced until the combined rate no
8 longer exceeds one percent of the true and fair value of any property
9 or must be eliminated;

10 (d) If the combined rate of regular property tax levies that are
11 subject to the one percent limitation still exceeds one percent of the
12 true and fair value of any property, the portion of the levy by a
13 metropolitan park district that is protected under RCW 84.52.120 shall
14 be reduced until the combined rate no longer exceeds one percent of the
15 true and fair value of any property or shall be eliminated;

16 (e) If the combined rate of regular property tax levies that are
17 subject to the one percent limitation still exceeds one percent of the
18 true and fair value of any property, then the levies imposed under RCW
19 84.34.230, 84.52.105, and any portion of the levy imposed under RCW
20 84.52.069 that is in excess of thirty cents per thousand dollars of
21 assessed value, shall be reduced on a pro rata basis until the combined
22 rate no longer exceeds one percent of the true and fair value of any
23 property or shall be eliminated; and

24 (f) If the combined rate of regular property tax levies that are
25 subject to the one percent limitation still exceeds one percent of the
26 true and fair value of any property, then the thirty cents per thousand
27 dollars of assessed value of tax levy imposed under RCW 84.52.069 shall
28 be reduced until the combined rate no longer exceeds one percent of the
29 true and fair value of any property or eliminated.

30 (2) The certified rates of tax levy subject to these limitations by
31 all junior taxing districts imposing taxes on such property shall be
32 reduced or eliminated as follows to bring the consolidated levy of
33 taxes on such property within the provisions of these limitations:

34 (a) First, the certified property tax levy rates of those junior
35 taxing districts authorized under RCW 36.68.525, 36.69.145, 35.95A.100,
36 and 67.38.130 shall be reduced on a pro rata basis or eliminated;

37 (b) Second, if the consolidated tax levy rate still exceeds these

1 limitations, the certified property tax levy rates of flood control
2 zone districts shall be reduced on a pro rata basis or eliminated;

3 (c) Third, if the consolidated tax levy rate still exceeds these
4 limitations, the certified property tax levy rates of all other junior
5 taxing districts, other than fire protection districts, regional fire
6 protection service authorities, library districts, the first fifty cent
7 per thousand dollars of assessed valuation levies for metropolitan park
8 districts, and the first fifty cent per thousand dollars of assessed
9 valuation levies for public hospital districts, shall be reduced on a
10 pro rata basis or eliminated;

11 (d) Fourth, if the consolidated tax levy rate still exceeds these
12 limitations, the first fifty cent per thousand dollars of assessed
13 valuation levies for metropolitan park districts created on or after
14 January 1, 2002, shall be reduced on a pro rata basis or eliminated;

15 (e) Fifth, if the consolidated tax levy rate still exceeds these
16 limitations, the certified property tax levy rates authorized to
17 (~~regional fire protection service authorities under RCW 52.26.140(1)~~
18 ~~(b) and (c) and~~) fire protection districts under RCW 52.16.140 and
19 52.16.160 and regional fire protection service authorities under RCW
20 52.26.140(1) (b) and (c) shall be reduced on a pro rata basis or
21 eliminated; and

22 (f) Sixth, if the consolidated tax levy rate still exceeds these
23 limitations, the certified property tax levy rates authorized for fire
24 protection districts under RCW 52.16.130, regional fire protection
25 service authorities under RCW 52.26.140(1)(a), (~~fire protection~~
26 ~~districts under RCW 52.16.130,~~) library districts, metropolitan park
27 districts created before January 1, 2002, under their first fifty cent
28 per thousand dollars of assessed valuation levy, and public hospital
29 districts under their first fifty cent per thousand dollars of assessed
30 valuation levy, shall be reduced on a pro rata basis or eliminated.

31 **Sec. 705.** RCW 84.52.054 and 1986 c 133 s 2 are each amended to
32 read as follows:

33 The additional tax provided for in (~~subparagraph (a) of the~~
34 ~~seventeenth amendment to~~) Article VII, section 2 of the state
35 Constitution (~~as amended by Amendment 59 and as thereafter amended~~),
36 and specifically authorized by RCW 84.52.052, (~~as now or hereafter~~
37 ~~amended, and RCW~~) 84.52.053 (~~and~~), 84.52.0531, and 84.52.130, shall

1 be set forth in terms of dollars on the ballot of the proposition to be
2 submitted to the voters, together with an estimate of the dollar rate
3 of tax levy that will be required to produce the dollar amount; and the
4 county assessor, in spreading this tax upon the rolls, shall determine
5 the eventual dollar rate required to produce the amount of dollars so
6 voted upon, regardless of the estimate of dollar rate of tax levy
7 carried in said proposition. In the case of a school district or fire
8 protection district proposition for a particular period, the dollar
9 amount and the corresponding estimate of the dollar rate of tax levy
10 shall be set forth for each of the years in that period. The dollar
11 amount for each annual levy in the particular period may be equal or in
12 different amounts.

13 NEW SECTION. **Sec. 706.** The following acts or parts of acts are
14 each repealed:

15 (1) RCW 84.55.012 (Reduction of property tax levy--Setting amount
16 of future levies) and 1997 c 2 s 1 & 1995 2nd sp.s. c 13 s 2; and

17 (2) RCW 84.55.0121 (Reduction of property tax levy for collection
18 in 1998) and 1997 c 3 s 301.

19 **PART VIII**
20 **MISCELLANEOUS TECHNICAL CORRECTIONS**

21 **Sec. 801.** RCW 82.46.010 and 1994 c 272 s 1 are each amended to
22 read as follows:

23 (1) The legislative authority of any county or city shall identify
24 in the adopted budget the capital projects funded in whole or in part
25 from the proceeds of the tax authorized in subsection (2) of this
26 section, and shall indicate that such tax is intended to be in addition
27 to other funds that may be reasonably available for such capital
28 projects.

29 (2) The legislative authority of any county or any city may impose
30 an excise tax on each sale of real property in the unincorporated areas
31 of the county for the county tax and in the corporate limits of the
32 city for the city tax at a rate not exceeding one-quarter of one
33 percent of the selling price. The revenues from this tax shall be used
34 by any city or county with a population of five thousand or less and

1 any city or county that does not plan under RCW 36.70A.040 for any
2 capital purpose identified in a capital improvements plan and local
3 capital improvements, including those listed in RCW 35.43.040.

4 After April 30, 1992, revenues generated from the tax imposed under
5 this subsection in counties over five thousand population and cities
6 over five thousand population that are required or choose to plan under
7 RCW 36.70A.040 shall be used solely for financing capital projects
8 specified in a capital facilities plan element of a comprehensive plan
9 and housing relocation assistance under RCW 59.18.440 and 59.18.450.
10 However, revenues (a) pledged by such counties and cities to debt
11 retirement prior to April 30, 1992, may continue to be used for that
12 purpose until the original debt for which the revenues were pledged is
13 retired, or (b) committed prior to April 30, 1992, by such counties or
14 cities to a project may continue to be used for that purpose until the
15 project is completed.

16 (3) In lieu of imposing the tax authorized in RCW 82.14.030(2), the
17 legislative authority of any county or any city may impose an
18 additional excise tax on each sale of real property in the
19 unincorporated areas of the county for the county tax and in the
20 corporate limits of the city for the city tax at a rate not exceeding
21 one-half of one percent of the selling price.

22 (4) Taxes imposed under this section shall be collected from
23 persons who are taxable by the state under chapter 82.45 RCW upon the
24 occurrence of any taxable event within the unincorporated areas of the
25 county or within the corporate limits of the city, as the case may be.

26 (5) Taxes imposed under this section shall comply with all
27 applicable rules, regulations, laws, and court decisions regarding real
28 estate excise taxes as imposed by the state under chapter 82.45 RCW.

29 (6) As used in this section, "city" means any city or town and
30 "capital project" means those public works projects of a local
31 government for planning, acquisition, construction, reconstruction,
32 repair, replacement, rehabilitation, or improvement of streets; roads;
33 highways; sidewalks; street and road lighting systems; traffic signals;
34 bridges; domestic water systems; storm and sanitary sewer systems;
35 parks; recreational facilities; law enforcement facilities; fire
36 protection facilities; trails; libraries; administrative and/or
37 judicial facilities; river and/or waterway flood control projects by
38 those jurisdictions that, prior to June 11, 1992, have expended funds

1 derived from the tax authorized by this section for such purposes; and,
2 until December 31, 1995, housing projects for those jurisdictions that,
3 prior to June 11, 1992, have expended or committed to expend funds
4 derived from the tax authorized by this section or the tax authorized
5 by RCW 82.46.035 for such purposes.

6 **PART IX**
7 **MISCELLANEOUS**

8 NEW SECTION. **Sec. 901.** The repealed sections in sections 110,
9 330, 413, and 512 of this act do not affect any rights, liabilities,
10 obligations, or proceedings, incurred or instituted under those
11 repealed sections or rules or orders adopted by the department of
12 revenue pursuant to those repealed sections prior to the effective date
13 of section 110, 330, 413, or 512 of this act.

14 NEW SECTION. **Sec. 902.** (1) Unless expressly provided otherwise,
15 this act takes effect July 1, 2006.

16 (2) Section 702 of this act takes effect July 1, 2007.

17 (3) Section 509 of this act takes effect July 1, 2012.

18 (4) Sections 309 through 311 of this act are necessary for the
19 immediate preservation of the public peace, health, or safety, or
20 support of the state government and its existing public institutions,
21 and take effect immediately.

22 NEW SECTION. **Sec. 903.** Section 504 of this act takes effect if
23 chapter 149, Laws of 2003 takes effect.

24 NEW SECTION. **Sec. 904.** Section 503 of this act expires if chapter
25 149, Laws of 2003 takes effect.

26 NEW SECTION. **Sec. 905.** Section 701 of this act expires July 1,
27 2007.

28 NEW SECTION. **Sec. 906.** Part headings used in this act are not
29 part of the law.

1 NEW SECTION. **Sec. 907.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.

--- END ---