
SENATE BILL 6704

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By Senators Rasmussen, Prentice, Doumit, Schoesler, Honeyford, Brandland, Sheldon, Morton and Mulliken

Read first time 01/19/2006. Referred to Committee on Agriculture & Rural Economic Development.

1 AN ACT Relating to the excise taxation of the manufacturing,
2 selling, and processing of certain food products; amending RCW
3 82.04.4266, 82.32.610, 82.74.010, 82.74.030, 82.74.040, 82.74.050,
4 82.08.820, 82.08.820, 82.08.820, 82.12.820, 82.32.600, and 82.32.590;
5 reenacting and amending RCW 82.04.260; adding a new section to chapter
6 82.04 RCW; providing effective dates; and providing expiration dates.

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

8 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
9 to read as follows:

10 (1) This chapter shall not apply to the:

11 (a) Manufacturing of dairy products; or

12 (b) Selling of manufactured dairy products to purchasers who
13 transport in the ordinary course of business the goods out of this
14 state. A person taking an exemption under this subsection (1)(b) must
15 keep and preserve records for the period required by RCW 82.32.070
16 establishing that the goods were transported by the purchaser in the
17 ordinary course of business out of this state.

18 (2) "Dairy products" means dairy products that as of September 20,

1 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,
2 including byproducts from the manufacturing of the dairy products such
3 as whey and casein.

4 (3) This section expires July 1, 2012.

5 **Sec. 2.** RCW 82.04.4266 and 2005 c 513 s 1 are each amended to read
6 as follows:

7 (1) This chapter shall not apply to ~~((amounts received from))~~ the:
8 ~~((+1))~~ (a) Canning, preserving, freezing, processing, or
9 dehydrating fresh fruits and vegetables; or

10 ~~((+2))~~ (b) Selling at wholesale fresh fruits and vegetables
11 canned, preserved, frozen, processed, or dehydrated by the seller and
12 sold to purchasers who transport in the ordinary course of business the
13 goods out of this state. ~~((As proof of sale to a person who transports
14 in the ordinary course of business goods out of this state, the seller
15 shall annually provide a statement in a form prescribed by the
16 department and retain the statement as a business record.))~~ A person
17 taking an exemption under this subsection (1)(b) must keep and preserve
18 records for the period required by RCW 82.32.070 establishing that the
19 goods were transported by the purchaser in the ordinary course of
20 business out of this state.

21 (2) This section expires July 1, 2012.

22 **Sec. 3.** RCW 82.04.260 and 2005 c 513 s 2 and 2005 c 443 s 4 are
23 each reenacted and amended to read as follows:

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

26 (a) Wheat into flour, barley into pearl barley, soybeans into
27 soybean oil, canola into canola oil, canola meal, or canola byproducts,
28 or sunflower seeds into sunflower oil; as to such persons the amount of
29 tax with respect to such business shall be equal to the value of the
30 flour, pearl barley, oil, canola meal, or canola byproduct
31 manufactured, multiplied by the rate of 0.138 percent;

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

1 (c) Beginning July 1, 2012, dairy products that as of September 20,
2 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,
3 including byproducts from the manufacturing of the dairy products such
4 as whey and casein; or selling the same to purchasers who transport in
5 the ordinary course of business the goods out of state; as to such
6 persons the tax imposed shall be equal to the value of the products
7 manufactured or the gross proceeds derived from such sales multiplied
8 by the rate of 0.138 percent. ((As proof of sale to a person who
9 transports in the ordinary course of business goods out of this state,
10 the seller shall annually provide a statement in a form prescribed by
11 the department and retain the statement as a business record)) Sellers
12 must keep and preserve records for the period required by RCW 82.32.070
13 establishing that the goods were transported by the purchaser in the
14 ordinary course of business out of this state;

15 (d) Beginning July 1, 2012, fresh fruits and/or vegetables by
16 canning, preserving, freezing, processing, or dehydrating, or selling
17 at wholesale fresh fruits and vegetables canned, preserved, frozen,
18 processed, or dehydrated by the seller and sold to purchasers who
19 transport in the ordinary course of business the goods out of this
20 state; as to such persons the amount of tax with respect to such
21 business shall be equal to the value of the products manufactured or
22 the gross proceeds derived from such sales multiplied by the rate of
23 0.138 percent. Sellers must keep and preserve records for the period
24 required by RCW 82.32.070 establishing that the goods were transported
25 by the purchaser in the ordinary course of business out of this state;

26 ((+d)) (e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or
27 biodiesel feedstock, as those terms are defined in RCW 82.29A.135; as
28 to such persons the amount of tax with respect to the business shall be
29 equal to the value of alcohol fuel, biodiesel fuel, or biodiesel
30 feedstock manufactured, multiplied by the rate of 0.138 percent; and

31 ((+e)) (f) Alcohol fuel or wood biomass fuel, as those terms are
32 defined in RCW 82.29A.135; as to such persons the amount of tax with
33 respect to the business shall be equal to the value of alcohol fuel or
34 wood biomass fuel manufactured, multiplied by the rate of 0.138
35 percent.

36 (2) Upon every person engaging within this state in the business of
37 splitting or processing dried peas; as to such persons the amount of

1 tax with respect to such business shall be equal to the value of the
2 peas split or processed, multiplied by the rate of 0.138 percent.

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

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

13 (5) Upon every person engaging within this state in the business of
14 acting as a travel agent or tour operator; as to such persons the
15 amount of the tax with respect to such activities shall be equal to the
16 gross income derived from such activities multiplied by the rate of
17 0.275 percent.

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

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

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

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

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

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

30 (10) Upon every person engaging within this state in business as a
31 hospital, as defined in chapter 70.41 RCW, that is operated as a
32 nonprofit corporation or by the state or any of its political
33 subdivisions, as to such persons, the amount of tax with respect to
34 such activities shall be equal to the gross income of the business
35 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5
36 percent thereafter. The moneys collected under this subsection shall
37 be deposited in the health services account created under RCW
38 43.72.900.

1 (11)(a) Beginning October 1, 2005, upon every person engaging
2 within this state in the business of manufacturing commercial
3 airplanes, or components of such airplanes, as to such persons the
4 amount of tax with respect to such business shall, in the case of
5 manufacturers, be equal to the value of the product manufactured, or in
6 the case of processors for hire, be equal to the gross income of the
7 business, multiplied by the rate of:

8 (i) 0.4235 percent from October 1, 2005, through the later of June
9 30, 2007, or the day preceding the date final assembly of a
10 superefficient airplane begins in Washington state, as determined under
11 RCW 82.32.550; and

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

15 (b) Beginning October 1, 2005, upon every person engaging within
16 this state in the business of making sales, at retail or wholesale, of
17 commercial airplanes, or components of such airplanes, manufactured by
18 that person, as to such persons the amount of tax with respect to such
19 business shall be equal to the gross proceeds of sales of the airplanes
20 or components multiplied by the rate of:

21 (i) 0.4235 percent from October 1, 2005, through the later of June
22 30, 2007, or the day preceding the date final assembly of a
23 superefficient airplane begins in Washington state, as determined under
24 RCW 82.32.550; and

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

28 (c) For the purposes of this subsection (11), "commercial
29 airplane," "component," and "final assembly of a superefficient
30 airplane" have the meanings given in RCW 82.32.550.

31 (d) In addition to all other requirements under this title, a
32 person eligible for the tax rate under this subsection (11) must report
33 as required under RCW 82.32.545.

34 (e) This subsection (11) does not apply after the earlier of: July
35 1, 2024; or December 31, 2007, if assembly of a superefficient airplane
36 does not begin by December 31, 2007, as determined under RCW 82.32.550.

1 **Sec. 4.** RCW 82.32.610 and 2005 c 513 s 3 are each amended to read
2 as follows:

3 (1) The legislature finds that accountability and effectiveness are
4 important aspects of setting tax policy. In order to make policy
5 choices regarding the best use of limited state resources the
6 legislature needs information on how a tax incentive is used.

7 (2) Each person claiming a tax exemption under RCW 82.04.4266 or
8 section 1 of this act shall report information to the department by
9 filing a complete annual survey. The survey is due by March 31st of
10 the year following any calendar year in which a tax exemption under RCW
11 82.04.4266 or section 1 of this act is taken. The department may
12 extend the due date for timely filing of annual surveys under this
13 section as provided in RCW 82.32.590. The survey shall include the
14 amount of tax exemption taken. The survey shall also include the
15 following information for employment positions in Washington:

16 (a) The number of total employment positions;

17 (b) Full-time, part-time, and temporary employment positions as a
18 percent of total employment;

19 (c) The number of employment positions according to the following
20 wage bands: Less than thirty thousand dollars; thirty thousand dollars
21 or greater, but less than sixty thousand dollars; and sixty thousand
22 dollars or greater. A wage band containing fewer than three
23 individuals may be combined with another wage band; and

24 (d) The number of employment positions that have employer-provided
25 medical, dental, and retirement benefits, by each of the wage bands.

26 The first survey filed under this subsection shall also include
27 information for the twelve-month period immediately before first use of
28 a tax incentive.

29 (3) The department may request additional information necessary to
30 measure the results of the exemption program, to be submitted at the
31 same time as the survey.

32 (4) All information collected under this section, except the amount
33 of the tax exemption taken, is deemed taxpayer information under RCW
34 82.32.330. Information on the amount of tax exemption taken is not
35 subject to the confidentiality provisions of RCW 82.32.330.

36 (5) If a person fails to submit an annual survey under subsection
37 (2) of this section by the due date of the report or any extension
38 under RCW 82.32.590, the department shall declare the amount of taxes

1 exempted for the previous calendar year to be immediately due and
2 payable. The department shall assess interest, but not penalties, on
3 the amounts due under this section. The amount due shall be calculated
4 using a rate of 0.138 percent. The interest shall be assessed at the
5 rate provided for delinquent taxes under this chapter, retroactively to
6 the date the exemption was claimed, and shall accrue until the taxes
7 for which the exemption was claimed are repaid. This information is
8 not subject to the confidentiality provisions of RCW 82.32.330.

9 (6) The department shall use the information from this section to
10 prepare summary descriptive statistics by category. No fewer than
11 three taxpayers shall be included in any category. The department
12 shall report these statistics to the legislature each year by September
13 1st.

14 (7) The department shall study the tax exemption authorized in RCW
15 82.04.4266 and section 1 of this act. The department shall submit a
16 report to the finance committee of the house of representatives and the
17 ways and means committee of the senate by December 1, 2011. The report
18 shall measure the effect of the exemption on job creation, job
19 retention, company growth, the movement of firms or the consolidation
20 of firms' operations into the state, and such other factors as the
21 department selects.

22 **Sec. 5.** RCW 82.74.010 and 2005 c 513 s 4 are each amended to read
23 as follows:

24 Unless the context clearly requires otherwise, the definitions in
25 this section apply throughout this chapter.

26 (1) "Applicant" means a person applying for a tax deferral under
27 this chapter.

28 (2) "Cold storage warehouse" means a storage warehouse (~~used~~)
29 owned or operated by a wholesaler or third-party warehouser as those
30 terms are defined in RCW 82.08.820 to store fresh and/or frozen
31 perishable fruits or vegetables, dairy products, eggs or egg products,
32 or any combination thereof, at a desired temperature to maintain the
33 quality of the product for orderly marketing.

34 (3) "Dairy product" means dairy products that as of September 20,
35 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,
36 including byproducts from the manufacturing of the dairy products such
37 as whey and casein.

1 (4) "Dairy product manufacturing" means manufacturing, as defined
2 in RCW 82.04.120, of dairy products.

3 (5) "Department" means the department of revenue.

4 ~~((4))~~ (6) "Egg" means eggs that as of March 1, 2000, are
5 identified in 7 C.F.R., chapter 1, part 94.

6 (7) "Egg handling" means inspecting, candling, breaking, or
7 packaging eggs, or filtering, mixing, blending, pasteurizing,
8 stabilizing, cooling, freezing, drying, or packaging egg products.

9 (8) "Egg product" means egg products that as of March 1, 2000, are
10 identified in 7 C.F.R., chapter 1, part 94.

11 (9) "Eligible investment project" means an investment in qualified
12 buildings or qualified machinery and equipment, including labor and
13 services rendered in the planning, installation, and construction of
14 the project. The lessor or owner of a qualified building is not
15 eligible for a deferral unless (a) the underlying ownership of the
16 buildings, machinery, and equipment vests exclusively in the same
17 person; or (b)(i) the lessor by written contract agrees to pass the
18 economic benefit of the deferral to the lessee in the form of reduced
19 rent payments, and (ii) the lessee that receives the economic benefit
20 of the deferral agrees in writing with the department to complete the
21 annual survey under RCW 82.74.040. The economic benefit of the
22 deferral to the lessee may be evidenced by any type of payment, credit,
23 or any other financial arrangement between the lessor or owner of the
24 qualified building and the lessee.

25 ~~((5))~~ (10) "Fresh fruit and vegetable processing" means
26 manufacturing as defined in RCW 82.04.120 which consists of the
27 canning, preserving, freezing, processing, or dehydrating fresh fruits
28 and/or vegetables.

29 ~~((6))~~ (11)(a) "Initiation of construction" means the date that a
30 building permit is issued under the building code adopted under RCW
31 19.27.031 for:

32 (i) Construction of the qualified building, if the underlying
33 ownership of the building vests exclusively with the person receiving
34 the economic benefit of the deferral;

35 (ii) Construction of the qualified building, if the economic
36 benefits of the deferral are passed to a lessee as provided in
37 subsection ~~((4))~~ (9) of this section; or

1 (iii) Tenant improvements for a qualified building, if the economic
2 benefits of the deferral are passed to a lessee as provided in
3 subsection ~~((4))~~ (9) of this section.

4 (b) "Initiation of construction" does not include soil testing,
5 site clearing and grading, site preparation, or any other related
6 activities that are initiated before the issuance of a building permit
7 for the construction of the foundation of the building.

8 (c) If the investment project is a phased project, "initiation of
9 construction" applies separately to each phase.

10 ~~((7))~~ (12) "Person" has the meaning given in RCW 82.04.030.

11 ~~((8))~~ (13) "Qualified buildings" means construction of new
12 structures, and expansion or renovation of existing structures for the
13 purpose of increasing floor space or production capacity used for fresh
14 fruit and vegetable processing, dairy product manufacturing, egg
15 handling, cold storage ~~((warehouse))~~ warehousing, and research and
16 development activities, including plant offices and warehouses or other
17 facilities for the storage of raw material or finished goods if such
18 facilities are an essential or an integral part of a factory, plant, or
19 laboratory used for fresh fruit and vegetable processing, dairy product
20 manufacturing, egg handling, cold storage warehousing, or research and
21 development. If a building is used partly for fresh fruit and
22 vegetable processing, dairy product manufacturing, egg handling, cold
23 storage warehousing, or research and development and partly for other
24 purposes, the applicable tax deferral shall be determined by
25 apportionment of the costs of construction under rules adopted by the
26 department.

27 ~~((9))~~ (14) "Qualified machinery and equipment" means all
28 industrial and research fixtures, equipment, and support facilities
29 that are an integral and necessary part of a fresh fruit and vegetable
30 processing, dairy product manufacturing, egg handling, cold storage
31 warehouse, or research and development operation. "Qualified machinery
32 and equipment" includes: Computers; software; data processing
33 equipment; laboratory equipment; manufacturing components such as
34 belts, pulleys, shafts, and moving parts; molds, tools, and dies;
35 operating structures; and all equipment used to control or operate the
36 machinery.

37 ~~((10))~~ (15) "Recipient" means a person receiving a tax deferral
38 under this chapter.

1 (i) The number of total employment positions;
2 (ii) Full-time, part-time, and temporary employment positions as a
3 percent of total employment;
4 (iii) The number of employment positions according to the following
5 wage bands: Less than thirty thousand dollars; thirty thousand dollars
6 or greater, but less than sixty thousand dollars; and sixty thousand
7 dollars or greater. A wage band containing fewer than three
8 individuals may be combined with another wage band; and
9 (iv) The number of employment positions that have employer-provided
10 medical, dental, and retirement benefits, by each of the wage bands.
11 (c) The department may request additional information necessary to
12 measure the results of the deferral program, to be submitted at the
13 same time as the survey.
14 (d) All information collected under this subsection, except the
15 amount of the tax deferral taken, is deemed taxpayer information under
16 RCW 82.32.330. Information on the amount of tax deferral taken is not
17 subject to the confidentiality provisions of RCW 82.32.330 and may be
18 disclosed to the public upon request.
19 (e) The department shall use the information from this section to
20 prepare summary descriptive statistics by category. No fewer than
21 three taxpayers shall be included in any category. The department
22 shall report these statistics to the legislature each year by September
23 1st.
24 (f) The department shall also use the information to study the tax
25 deferral program authorized under this chapter. The department shall
26 report to the legislature by December 1, 2011. The report shall
27 measure the effect of the program on job creation, (~~the number of jobs~~
28 ~~created for residents of eligible areas,~~) company growth, the
29 introduction of new products, the diversification of the state's
30 economy, growth in research and development investment, the movement of
31 firms or the consolidation of firms' operations into the state, and
32 such other factors as the department selects.
33 (2)(a) If a recipient of the deferral fails to complete the annual
34 survey required under subsection (1) of this section by the date due or
35 any extension under RCW 82.32.590, twelve and one-half percent of the
36 deferred tax shall be immediately due. If the economic benefits of the
37 deferral are passed to a lessee as provided in RCW 82.74.010(~~(+4)~~)
38 (9), the lessee shall be responsible for payment to the extent the

1 lessee has received the economic benefit. The department shall assess
2 interest, but not penalties, on the amounts due under this section.
3 The interest shall be assessed at the rate provided for delinquent
4 taxes under chapter 82.32 RCW, and shall accrue until the amounts due
5 are repaid.

6 (b) A recipient who must repay deferred taxes under RCW
7 82.74.050(2) because the department has found that an investment
8 project is used for purposes other than fresh fruit and vegetable
9 processing, dairy product manufacturing, egg handling, cold storage
10 warehousing, or research and development is no longer required to file
11 annual surveys under this section beginning on the date an investment
12 project is used for nonqualifying purposes.

13 **Sec. 8.** RCW 82.74.050 and 2005 c 513 s 8 are each amended to read
14 as follows:

15 (1) Except as provided in subsection (2) of this section, taxes
16 deferred under this chapter need not be repaid.

17 (2) If, on the basis of survey under RCW 82.74.040 or other
18 information, the department finds that an investment project is used
19 for purposes other than fresh fruit and vegetable processing, dairy
20 product manufacturing, egg handling, cold storage warehousing, or
21 research and development at any time during the calendar year in which
22 the investment project is certified by the department as having been
23 operationally completed, or at any time during any of the seven
24 succeeding calendar years, a portion of deferred taxes shall be
25 immediately due according to the following schedule:

26	Year in which <u>nonqualifying</u> use occurs	% of deferred taxes due
27	1	100%
28	2	87.5%
29	3	75%
30	4	62.5%
31	5	50%
32	6	37.5%
33	7	25%
34	8	12.5%

1 (3) The department shall assess interest, but not penalties, on the
2 deferred taxes under subsection (2) of this section. The interest
3 shall be assessed at the rate provided for delinquent taxes under
4 chapter 82.32 RCW, retroactively to the date of deferral, and shall
5 accrue until the deferred taxes are repaid. The debt for deferred
6 taxes will not be extinguished by insolvency or other failure of the
7 recipient. Transfer of ownership does not terminate the deferral. The
8 deferral is transferred, subject to the successor meeting the
9 eligibility requirements of this chapter, for the remaining periods of
10 the deferral.

11 (4) Notwithstanding subsection (2) of this section, deferred taxes
12 on the following need not be repaid:

13 (a) Machinery and equipment, and sales of or charges made for labor
14 and services, which at the time of purchase would have qualified for
15 exemption under RCW 82.08.02565; and

16 (b) Machinery and equipment which at the time of first use would
17 have qualified for exemption under RCW 82.12.02565.

18 **Sec. 9.** RCW 82.08.820 and 1997 c 450 s 2 are each amended to read
19 as follows:

20 (1) Wholesalers or third-party warehouse owners who own or operate
21 warehouses or grain elevators and retailers who own or operate
22 distribution centers, and who have paid the tax levied by RCW 82.08.020
23 on:

24 (a) Material-handling and racking equipment, and labor and services
25 rendered in respect to installing, repairing, cleaning, altering, or
26 improving the equipment; or

27 (b) Construction of a warehouse or grain elevator, including
28 materials, and including service and labor costs,
29 are eligible for an exemption in the form of a remittance. The amount
30 of the remittance is computed under subsection (3) of this section and
31 is based on the state share of sales tax.

32 (2) For purposes of this section and RCW 82.12.820:

33 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

34 (b) "Construction" means the actual construction of a warehouse or
35 grain elevator that did not exist before the construction began.
36 "Construction" includes expansion if the expansion adds at least two
37 hundred thousand square feet of additional space to an existing

1 warehouse or additional storage capacity of at least one million
2 bushels to an existing grain elevator. "Construction" does not include
3 renovation, remodeling, or repair;

4 (c) "Department" means the department of revenue;

5 (d) "Distribution center" means a warehouse that is used
6 exclusively by a retailer solely for the storage and distribution of
7 finished goods to retail outlets of the retailer. "Distribution
8 center" does not include a warehouse at which retail sales occur;

9 (e) "Finished goods" means tangible personal property intended for
10 sale by a retailer or wholesaler. "Finished goods" does not include
11 agricultural products stored by wholesalers, third-party warehouses, or
12 retailers if the storage takes place on the land of the person who
13 produced the agricultural product. "Finished goods" does not include
14 logs, minerals, petroleum, gas, or other extracted products stored as
15 raw materials or in bulk;

16 (f) "Grain elevator" means a structure used for storage and
17 handling of grain in bulk;

18 (g) "Material-handling equipment and racking equipment" means
19 equipment in a warehouse or grain elevator that is primarily used to
20 handle, store, organize, convey, package, or repackage finished goods.
21 The term includes tangible personal property with a useful life of one
22 year or more that becomes an ingredient or component of the equipment,
23 including repair and replacement parts. The term does not include
24 equipment in offices, lunchrooms, restrooms, and other like space,
25 within a warehouse or grain elevator, or equipment used for
26 nonwarehousing purposes. "Material-handling equipment" includes but is
27 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-
28 place units, cranes, hoists, mechanical arms, and robots; mechanized
29 systems, including containers that are an integral part of the system,
30 whose purpose is to lift or move tangible personal property; and
31 automated handling, storage, and retrieval systems, including computers
32 that control them, whose purpose is to lift or move tangible personal
33 property; and forklifts and other off-the-road vehicles that are used
34 to lift or move tangible personal property and that cannot be operated
35 legally on roads and streets. "Racking equipment" includes, but is not
36 limited to, conveying systems, chutes, shelves, racks, bins, drawers,
37 pallets, and other containers and storage devices that form a necessary
38 part of the storage system;

1 (h) "Person" has the meaning given in RCW 82.04.030;

2 (i) "Retailer" means a person who makes "sales at retail" as
3 defined in chapter 82.04 RCW of tangible personal property;

4 (j) "Square footage" means the product of the two horizontal
5 dimensions of each floor of a specific warehouse. The entire footprint
6 of the warehouse shall be measured in calculating the square footage,
7 including space that juts out from the building profile such as loading
8 docks. "Square footage" does not mean the aggregate of the square
9 footage of more than one warehouse at a location or the aggregate of
10 the square footage of warehouses at more than one location;

11 (k) "Third-party warehouser" means a person taxable under RCW
12 82.04.280(4);

13 (l) "Warehouse" means an enclosed building or structure in which
14 finished goods are stored. A warehouse building or structure may have
15 more than one storage room and more than one floor. Office space,
16 lunchrooms, restrooms, and other space within the warehouse and
17 necessary for the operation of the warehouse are considered part of the
18 warehouse as are loading docks and other such space attached to the
19 building and used for handling of finished goods. Landscaping and
20 parking lots are not considered part of the warehouse. A storage yard
21 is not a warehouse, nor is a building in which manufacturing takes
22 place; and

23 (m) "Wholesaler" means a person who makes "sales at wholesale" as
24 defined in chapter 82.04 RCW of tangible personal property, but
25 "wholesaler" does not include a person who makes sales exempt under RCW
26 82.04.330.

27 (3)(a) A person claiming an exemption from state tax in the form of
28 a remittance under this section must pay the tax imposed by RCW
29 82.08.020. The buyer may then apply to the department for remittance
30 of all or part of the tax paid under RCW 82.08.020. For grain
31 elevators with bushel capacity of one million but less than two
32 million, the remittance is equal to fifty percent of the amount of tax
33 paid. For warehouses with square footage of two hundred thousand or
34 more and for grain elevators with bushel capacity of two million or
35 more, the remittance is equal to one hundred percent of the amount of
36 tax paid for qualifying construction, materials, service, and labor,
37 and fifty percent of the amount of tax paid for qualifying material-

1 handling equipment and racking equipment, and labor and services
2 rendered in respect to installing, repairing, cleaning, altering, or
3 improving the equipment.

4 (b) The department shall determine eligibility under this section
5 based on information provided by the buyer and through audit and other
6 administrative records. The buyer shall on a quarterly basis submit an
7 information sheet, in a form and manner as required by the department
8 by rule, specifying the amount of exempted tax claimed and the
9 qualifying purchases or acquisitions for which the exemption is
10 claimed. The buyer shall retain, in adequate detail to enable the
11 department to determine whether the equipment or construction meets the
12 criteria under this section: Invoices; proof of tax paid; documents
13 describing the material-handling equipment and racking equipment;
14 location and size of warehouses and grain elevators; and construction
15 invoices and documents.

16 (c) The department shall on a quarterly basis remit exempted
17 amounts to qualifying persons who submitted applications during the
18 previous quarter.

19 (4) Warehouses, grain elevators, and material-handling equipment
20 and racking equipment for which an exemption, credit, or deferral has
21 been or is being received under chapter 82.60, (~~(82.617)~~) 82.62, or
22 82.63 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
23 remittance under this section. Warehouses and grain elevators upon
24 which construction was initiated before May 20, 1997, are not eligible
25 for a remittance under this section.

26 (5) The lessor or owner of a warehouse or grain elevator is not
27 eligible for a remittance under this section unless the underlying
28 ownership of the warehouse or grain elevator and the material-handling
29 equipment and racking equipment vests exclusively in the same person,
30 or unless the lessor by written contract agrees to pass the economic
31 benefit of the remittance to the lessee in the form of reduced rent
32 payments.

33 **Sec. 10.** RCW 82.08.820 and 2005 c 513 s 11 are each amended to
34 read as follows:

35 (1) Wholesalers or third-party warehousers who own or operate
36 warehouses or grain elevators and retailers who own or operate

1 distribution centers, and who have paid the tax levied by RCW 82.08.020
2 on:

3 (a) Material-handling and racking equipment, and labor and services
4 rendered in respect to installing, repairing, cleaning, altering, or
5 improving the equipment; or

6 (b) Construction of a warehouse or grain elevator, including
7 materials, and including service and labor costs,
8 are eligible for an exemption in the form of a remittance. The amount
9 of the remittance is computed under subsection (3) of this section and
10 is based on the state share of sales tax.

11 (2) For purposes of this section and RCW 82.12.820:

12 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

13 (b) "Cold storage warehouse" (~~means a storage warehouse used to~~
14 ~~store fresh and/or frozen perishable fruits or vegetables, or any~~
15 ~~combination thereof, at a desired temperature to maintain the quality~~
16 ~~of the product for orderly marketing~~)) has the meaning provided in RCW
17 82.74.010;

18 (c) "Construction" means the actual construction of a warehouse or
19 grain elevator that did not exist before the construction began.
20 "Construction" includes expansion if the expansion adds at least
21 twenty-five thousand square feet of additional space to an existing
22 cold storage warehouse, at least two hundred thousand square feet of
23 additional space to an existing warehouse other than a cold storage
24 warehouse, or additional storage capacity of at least one million
25 bushels to an existing grain elevator. "Construction" does not include
26 renovation, remodeling, or repair;

27 (d) "Department" means the department of revenue;

28 (e) "Distribution center" means a warehouse that is used
29 exclusively by a retailer solely for the storage and distribution of
30 finished goods to retail outlets of the retailer. "Distribution
31 center" does not include a warehouse at which retail sales occur;

32 (f) "Finished goods" means tangible personal property intended for
33 sale by a retailer or wholesaler. "Finished goods" does not include
34 agricultural products stored by wholesalers, third-party warehouses, or
35 retailers if the storage takes place on the land of the person who
36 produced the agricultural product. "Finished goods" does not include
37 logs, minerals, petroleum, gas, or other extracted products stored as
38 raw materials or in bulk;

1 (g) "Grain elevator" means a structure used for storage and
2 handling of grain in bulk;

3 (h) "Material-handling equipment and racking equipment" means
4 equipment in a warehouse or grain elevator that is primarily used to
5 handle, store, organize, convey, package, or repackage finished goods.
6 The term includes tangible personal property with a useful life of one
7 year or more that becomes an ingredient or component of the equipment,
8 including repair and replacement parts. The term does not include
9 equipment in offices, lunchrooms, restrooms, and other like space,
10 within a warehouse or grain elevator, or equipment used for
11 nonwarehousing purposes. "Material-handling equipment" includes but is
12 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-
13 place units, cranes, hoists, mechanical arms, and robots; mechanized
14 systems, including containers that are an integral part of the system,
15 whose purpose is to lift or move tangible personal property; and
16 automated handling, storage, and retrieval systems, including computers
17 that control them, whose purpose is to lift or move tangible personal
18 property; and forklifts and other off-the-road vehicles that are used
19 to lift or move tangible personal property and that cannot be operated
20 legally on roads and streets. "Racking equipment" includes, but is not
21 limited to, conveying systems, chutes, shelves, racks, bins, drawers,
22 pallets, and other containers and storage devices that form a necessary
23 part of the storage system;

24 (i) "Person" has the meaning given in RCW 82.04.030;

25 (j) "Retailer" means a person who makes "sales at retail" as
26 defined in chapter 82.04 RCW of tangible personal property;

27 (k) "Square footage" means the product of the two horizontal
28 dimensions of each floor of a specific warehouse. The entire footprint
29 of the warehouse shall be measured in calculating the square footage,
30 including space that juts out from the building profile such as loading
31 docks. "Square footage" does not mean the aggregate of the square
32 footage of more than one warehouse at a location or the aggregate of
33 the square footage of warehouses at more than one location;

34 (l) "Third-party warehouser" means a person taxable under RCW
35 82.04.280(4);

36 (m) "Warehouse" means an enclosed building or structure in which
37 finished goods are stored. A warehouse building or structure may have
38 more than one storage room and more than one floor. Office space,

1 lunchrooms, restrooms, and other space within the warehouse and
2 necessary for the operation of the warehouse are considered part of the
3 warehouse as are loading docks and other such space attached to the
4 building and used for handling of finished goods. Landscaping and
5 parking lots are not considered part of the warehouse. A storage yard
6 is not a warehouse, nor is a building in which manufacturing takes
7 place; and

8 (n) "Wholesaler" means a person who makes "sales at wholesale" as
9 defined in chapter 82.04 RCW of tangible personal property, but
10 "wholesaler" does not include a person who makes sales exempt under RCW
11 82.04.330.

12 (3)(a) A person claiming an exemption from state tax in the form of
13 a remittance under this section must pay the tax imposed by RCW
14 82.08.020. The buyer may then apply to the department for remittance
15 of all or part of the tax paid under RCW 82.08.020. For grain
16 elevators with bushel capacity of one million but less than two
17 million, the remittance is equal to fifty percent of the amount of tax
18 paid. For warehouses with square footage of two hundred thousand or
19 more, other than cold storage warehouses, and for grain elevators with
20 bushel capacity of two million or more, the remittance is equal to one
21 hundred percent of the amount of tax paid for qualifying construction,
22 materials, service, and labor, and fifty percent of the amount of tax
23 paid for qualifying material-handling equipment and racking equipment,
24 and labor and services rendered in respect to installing, repairing,
25 cleaning, altering, or improving the equipment. For cold storage
26 warehouses with square footage of twenty-five thousand or more, the
27 remittance is equal to one hundred percent of the amount of tax paid
28 for qualifying construction, materials, service, and labor, and one
29 hundred percent of the amount of tax paid for qualifying material-
30 handling equipment and racking equipment, and labor and services
31 rendered in respect to installing, repairing, cleaning, altering, or
32 improving the equipment.

33 (b) The department shall determine eligibility under this section
34 based on information provided by the buyer and through audit and other
35 administrative records. The buyer shall on a quarterly basis submit an
36 information sheet, in a form and manner as required by the department
37 by rule, specifying the amount of exempted tax claimed and the
38 qualifying purchases or acquisitions for which the exemption is

1 claimed. The buyer shall retain, in adequate detail to enable the
2 department to determine whether the equipment or construction meets the
3 criteria under this section: Invoices; proof of tax paid; documents
4 describing the material-handling equipment and racking equipment;
5 location and size of warehouses and grain elevators; and construction
6 invoices and documents.

7 (c) The department shall on a quarterly basis remit exempted
8 amounts to qualifying persons who submitted applications during the
9 previous quarter.

10 (4) Warehouses, grain elevators, and material-handling equipment
11 and racking equipment for which an exemption, credit, or deferral has
12 been or is being received under chapter 82.60, (~~(82.617)~~) 82.62, or
13 82.63 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
14 remittance under this section. Warehouses and grain elevators upon
15 which construction was initiated before May 20, 1997, are not eligible
16 for a remittance under this section.

17 (5) The lessor or owner of a warehouse or grain elevator is not
18 eligible for a remittance under this section unless the underlying
19 ownership of the warehouse or grain elevator and the material-handling
20 equipment and racking equipment vests exclusively in the same person,
21 or unless the lessor by written contract agrees to pass the economic
22 benefit of the remittance to the lessee in the form of reduced rent
23 payments.

24 **Sec. 11.** RCW 82.08.820 and 2005 c 513 s 11 are each amended to
25 read as follows:

26 (1) Wholesalers or third-party warehouse owners who own or operate
27 warehouses or grain elevators and retailers who own or operate
28 distribution centers, and who have paid the tax levied by RCW 82.08.020
29 on:

30 (a) Material-handling and racking equipment, and labor and services
31 rendered in respect to installing, repairing, cleaning, altering, or
32 improving the equipment; or

33 (b) Construction of a warehouse or grain elevator, including
34 materials, and including service and labor costs,
35 are eligible for an exemption in the form of a remittance. The amount
36 of the remittance is computed under subsection (3) of this section and
37 is based on the state share of sales tax.

1 (2) For purposes of this section and RCW 82.12.820:

2 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

3 (b) (~~"Cold storage warehouse" means a storage warehouse used to~~
4 ~~store fresh and/or frozen perishable fruits or vegetables, or any~~
5 ~~combination thereof, at a desired temperature to maintain the quality~~
6 ~~of the product for orderly marketing;~~

7 ~~(c)~~) "Construction" means the actual construction of a warehouse
8 or grain elevator that did not exist before the construction began.
9 "Construction" includes expansion if the expansion adds (~~at least~~
10 ~~twenty five thousand square feet of additional space to an existing~~
11 ~~cold storage warehouse,~~) at least two hundred thousand square feet of
12 additional space to an existing warehouse (~~other than a cold storage~~
13 ~~warehouse,~~) or additional storage capacity of at least one million
14 bushels to an existing grain elevator. "Construction" does not include
15 renovation, remodeling, or repair;

16 (~~(d)~~) (c) "Department" means the department of revenue;

17 (~~(e)~~) (d) "Distribution center" means a warehouse that is used
18 exclusively by a retailer solely for the storage and distribution of
19 finished goods to retail outlets of the retailer. "Distribution
20 center" does not include a warehouse at which retail sales occur;

21 (~~(f)~~) (e) "Finished goods" means tangible personal property
22 intended for sale by a retailer or wholesaler. "Finished goods" does
23 not include agricultural products stored by wholesalers, third-party
24 warehouses, or retailers if the storage takes place on the land of the
25 person who produced the agricultural product. "Finished goods" does
26 not include logs, minerals, petroleum, gas, or other extracted products
27 stored as raw materials or in bulk;

28 (~~(g)~~) (f) "Grain elevator" means a structure used for storage and
29 handling of grain in bulk;

30 (~~(h)~~) (g) "Material-handling equipment and racking equipment"
31 means equipment in a warehouse or grain elevator that is primarily used
32 to handle, store, organize, convey, package, or repackage finished
33 goods. The term includes tangible personal property with a useful life
34 of one year or more that becomes an ingredient or component of the
35 equipment, including repair and replacement parts. The term does not
36 include equipment in offices, lunchrooms, restrooms, and other like
37 space, within a warehouse or grain elevator, or equipment used for
38 nonwarehousing purposes. "Material-handling equipment" includes but is

1 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-
2 place units, cranes, hoists, mechanical arms, and robots; mechanized
3 systems, including containers that are an integral part of the system,
4 whose purpose is to lift or move tangible personal property; and
5 automated handling, storage, and retrieval systems, including computers
6 that control them, whose purpose is to lift or move tangible personal
7 property; and forklifts and other off-the-road vehicles that are used
8 to lift or move tangible personal property and that cannot be operated
9 legally on roads and streets. "Racking equipment" includes, but is not
10 limited to, conveying systems, chutes, shelves, racks, bins, drawers,
11 pallets, and other containers and storage devices that form a necessary
12 part of the storage system;

13 ~~((+i))~~ (h) "Person" has the meaning given in RCW 82.04.030;

14 ~~((+j))~~ (i) "Retailer" means a person who makes "sales at retail"
15 as defined in chapter 82.04 RCW of tangible personal property;

16 ~~((+k))~~ (j) "Square footage" means the product of the two
17 horizontal dimensions of each floor of a specific warehouse. The
18 entire footprint of the warehouse shall be measured in calculating the
19 square footage, including space that juts out from the building profile
20 such as loading docks. "Square footage" does not mean the aggregate of
21 the square footage of more than one warehouse at a location or the
22 aggregate of the square footage of warehouses at more than one
23 location;

24 ~~((+l))~~ (k) "Third-party warehouse" means a person taxable under
25 RCW 82.04.280(4);

26 ~~((+m))~~ (l) "Warehouse" means an enclosed building or structure in
27 which finished goods are stored. A warehouse building or structure may
28 have more than one storage room and more than one floor. Office space,
29 lunchrooms, restrooms, and other space within the warehouse and
30 necessary for the operation of the warehouse are considered part of the
31 warehouse as are loading docks and other such space attached to the
32 building and used for handling of finished goods. Landscaping and
33 parking lots are not considered part of the warehouse. A storage yard
34 is not a warehouse, nor is a building in which manufacturing takes
35 place; and

36 ~~((+n))~~ (m) "Wholesaler" means a person who makes "sales at
37 wholesale" as defined in chapter 82.04 RCW of tangible personal

1 property, but "wholesaler" does not include a person who makes sales
2 exempt under RCW 82.04.330.

3 (3)(a) A person claiming an exemption from state tax in the form of
4 a remittance under this section must pay the tax imposed by RCW
5 82.08.020. The buyer may then apply to the department for remittance
6 of all or part of the tax paid under RCW 82.08.020. For grain
7 elevators with bushel capacity of one million but less than two
8 million, the remittance is equal to fifty percent of the amount of tax
9 paid. For warehouses with square footage of two hundred thousand or
10 more(~~(, other than cold storage warehouses,)~~) and for grain elevators
11 with bushel capacity of two million or more, the remittance is equal to
12 one hundred percent of the amount of tax paid for qualifying
13 construction, materials, service, and labor, and fifty percent of the
14 amount of tax paid for qualifying material-handling equipment and
15 racking equipment, and labor and services rendered in respect to
16 installing, repairing, cleaning, altering, or improving the equipment.
17 (~~(For cold storage warehouses with square footage of twenty five
18 thousand or more, the remittance is equal to one hundred percent of the
19 amount of tax paid for qualifying construction, materials, service, and
20 labor, and one hundred percent of the amount of tax paid for qualifying
21 material handling equipment and racking equipment, and labor and
22 services rendered in respect to installing, repairing, cleaning,
23 altering, or improving the equipment.)~~)

24 (b) The department shall determine eligibility under this section
25 based on information provided by the buyer and through audit and other
26 administrative records. The buyer shall on a quarterly basis submit an
27 information sheet, in a form and manner as required by the department
28 by rule, specifying the amount of exempted tax claimed and the
29 qualifying purchases or acquisitions for which the exemption is
30 claimed. The buyer shall retain, in adequate detail to enable the
31 department to determine whether the equipment or construction meets the
32 criteria under this section: Invoices; proof of tax paid; documents
33 describing the material-handling equipment and racking equipment;
34 location and size of warehouses and grain elevators; and construction
35 invoices and documents.

36 (c) The department shall on a quarterly basis remit exempted
37 amounts to qualifying persons who submitted applications during the
38 previous quarter.

1 (4) Warehouses, grain elevators, and material-handling equipment
2 and racking equipment for which an exemption, credit, or deferral has
3 been or is being received under chapter 82.60, (~~(82.61,)~~) 82.62, or
4 82.63 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
5 remittance under this section. Warehouses and grain elevators upon
6 which construction was initiated before May 20, 1997, are not eligible
7 for a remittance under this section.

8 (5) The lessor or owner of a warehouse or grain elevator is not
9 eligible for a remittance under this section unless the underlying
10 ownership of the warehouse or grain elevator and the material-handling
11 equipment and racking equipment vests exclusively in the same person,
12 or unless the lessor by written contract agrees to pass the economic
13 benefit of the remittance to the lessee in the form of reduced rent
14 payments.

15 **Sec. 12.** RCW 82.12.820 and 2005 c 513 s 12 are each amended to
16 read as follows:

17 (1) Wholesalers or third-party warehouseers who own or operate
18 warehouses or grain elevators, and retailers who own or operate
19 distribution centers, and who have paid the tax levied under RCW
20 82.12.020 on:

21 (a) Material-handling equipment and racking equipment and labor and
22 services rendered in respect to installing, repairing, cleaning,
23 altering, or improving the equipment; or

24 (b) Materials incorporated in the construction of a warehouse or
25 grain elevator, are eligible for an exemption on tax paid in the form
26 of a remittance or credit against tax owed. The amount of the
27 remittance or credit is computed under subsection (2) of this section
28 and is based on the state share of use tax.

29 (2)(a) A person claiming an exemption from state tax in the form of
30 a remittance under this section must pay the tax imposed by RCW
31 82.12.020 to the department. The person may then apply to the
32 department for remittance of all or part of the tax paid under RCW
33 82.12.020. For grain elevators with bushel capacity of one million but
34 less than two million, the remittance is equal to fifty percent of the
35 amount of tax paid. For warehouses with square footage of two hundred
36 thousand or more(~~(, other than cold storage warehouses,)~~) and for grain
37 elevators with bushel capacity of two million or more, the remittance

1 is equal to one hundred percent of the amount of tax paid for
2 qualifying construction materials, and fifty percent of the amount of
3 tax paid for qualifying material-handling equipment and racking
4 equipment. (~~For cold storage warehouses with square footage of
5 twenty five thousand or more, the remittance is equal to one hundred
6 percent of the amount of tax paid for qualifying construction,
7 materials, service, and labor, and one hundred percent of the amount of
8 tax paid for qualifying material handling equipment and racking
9 equipment, and labor and services rendered in respect to installing,
10 repairing, cleaning, altering, or improving the equipment.~~)

11 (b) The department shall determine eligibility under this section
12 based on information provided by the buyer and through audit and other
13 administrative records. The buyer shall on a quarterly basis submit an
14 information sheet, in a form and manner as required by the department
15 by rule, specifying the amount of exempted tax claimed and the
16 qualifying purchases or acquisitions for which the exemption is
17 claimed. The buyer shall retain, in adequate detail to enable the
18 department to determine whether the equipment or construction meets the
19 criteria under this section: Invoices; proof of tax paid; documents
20 describing the material-handling equipment and racking equipment;
21 location and size of warehouses, if applicable; and construction
22 invoices and documents.

23 (c) The department shall on a quarterly basis remit or credit
24 exempted amounts to qualifying persons who submitted applications
25 during the previous quarter.

26 (3) Warehouse, grain elevators, and material-handling equipment and
27 racking equipment for which an exemption, credit, or deferral has been
28 or is being received under chapter 82.60, (~~(82.61,)~~) 82.62, or 82.63
29 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
30 remittance under this section. Materials incorporated in warehouses
31 and grain elevators upon which construction was initiated prior to May
32 20, 1997, are not eligible for a remittance under this section.

33 (4) The lessor or owner of the warehouse or grain elevator is not
34 eligible for a remittance or credit under this section unless the
35 underlying ownership of the warehouse or grain elevator and material-
36 handling equipment and racking equipment vests exclusively in the same
37 person, or unless the lessor by written contract agrees to pass the

1 economic benefit of the exemption to the lessee in the form of reduced
2 rent payments.

3 (5) The definitions in RCW 82.08.820 apply to this section.

4 **Sec. 13.** RCW 82.32.600 and 2005 c 514 s 1002 are each amended to
5 read as follows:

6 (1) Persons required to file surveys under RCW 82.04.4452,
7 82.32.610, or 82.74.040 must electronically file with the department
8 all surveys, returns, and any other forms or information the department
9 requires in an electronic format as provided or approved by the
10 department(~~(, unless the department grants relief under subsection (2)~~
11 ~~of this section)~~). As used in this section, "returns" has the same
12 meaning as "return" in RCW 82.32.050.

13 ~~(2) ((Upon request, the department may relieve a person of the~~
14 ~~obligations in subsection (1) of this section if the person's taxes~~
15 ~~have been reduced a cumulative total of less than one thousand dollars~~
16 ~~from all of the credits, exemptions, or preferential business and~~
17 ~~occupation tax rates, for which a person is required to file an annual~~
18 ~~survey under RCW 82.04.4452, 82.32.535, 82.32.545, 82.32.570,~~
19 ~~82.32.560, 82.60.070, or 82.63.020.~~

20 ~~(3) Persons who no longer qualify for relief under subsection (2)~~
21 ~~of this section will be notified in writing by the department and must~~
22 ~~comply with subsection (1) of this section by the date provided in the~~
23 ~~notice.~~

24 ~~(4))~~ Any survey, return, or any other form or information required
25 to be filed in an electronic format under subsection (1) of this
26 section is not filed until received by the department in an electronic
27 format.

28 (3) The department may waive the electronic filing requirement in
29 subsection (1) of this section for good cause shown.

30 **Sec. 14.** RCW 82.32.590 and 2005 c 514 s 1001 are each amended to
31 read as follows:

32 (1) If the department finds that the failure of a taxpayer to file
33 an annual survey under RCW 82.04.4452, 82.32.610, or 82.74.040 by the
34 due date was the result of circumstances beyond the control of the
35 taxpayer, the department shall extend the time for filing the survey.
36 Such extension shall be for a period of thirty days from the date the

1 department issues its written notification to the taxpayer that it
2 qualifies for an extension under this section. The department may
3 grant additional extensions as it deems proper.

4 (2) In making a determination whether the failure of a taxpayer to
5 file an annual survey by the due date was the result of circumstances
6 beyond the control of the taxpayer, the department shall be guided by
7 rules adopted by the department for the waiver or cancellation of
8 penalties when the underpayment or untimely payment of any tax was due
9 to circumstances beyond the control of the taxpayer.

10 NEW SECTION. **Sec. 15.** (1) Except as otherwise provided in this
11 section, this act takes effect July 1, 2006.

12 (2) Sections 5 through 8 and 10 of this act take effect July 1,
13 2007.

14 (3) Sections 11 and 12 of this act take effect July 1, 2012.

15 NEW SECTION. **Sec. 16.** Section 9 of this act expires July 1, 2007.

16 NEW SECTION. **Sec. 17.** Section 10 of this act expires July 1,
17 2012.

--- END ---