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HOUSE BILL 3186

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State of Washington

61st Legislature

2010 Regular Session

By Representatives Pettigrew, Walsh, Williams, Hunt, Green, Dickerson, Kagi, Goodman, Orwall, Llias, Seaquist, White, and Appleton

Read first time 02/13/10. Referred to Committee on Finance.

1 AN ACT Relating to imposing a tax on home and community based  
2 services to fund services for seniors and people with disabilities;  
3 amending RCW 82.16.020 and 82.16.020; reenacting and amending RCW  
4 82.16.010 and 82.16.010; adding a new section to chapter 82.16 RCW;  
5 providing effective dates; and providing an expiration date.

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

7 **Sec. 1.** RCW 82.16.010 and 2009 c 535 s 1110 and 2009 c 469 s 701  
8 are each reenacted and amended to read as follows:

9 For the purposes of this chapter, unless otherwise required by the  
10 context:

11 (1) "Community residential service business" means the business of  
12 providing habilitation, instruction, and support. "Community  
13 residential services business" also means a business that is licensed  
14 and/or certified by the aging and disabilities services administration  
15 at the department of social and health services to provide the services  
16 described in this subsection.

17 (2) "Adult day health business" is the business of providing  
18 personal care, meals, social activities, and therapeutic services at  
19 adult day health centers.

1       (3) "Home care agency business" is the business of administering or  
2 providing nonmedical home care services, such as assistance with  
3 activities such as personal hygiene, dressing and undressing, eating,  
4 transferring from bed to chair, and back, toileting, ambulation,  
5 housework, meal prep, and shopping, directly or through a contract  
6 arrangement to clients in places of permanent or temporary residence.  
7 "Home care agency business" also means a business that is licensed  
8 under chapter 70.127 RCW to provide the services described in this  
9 subsection.

10       (4) "Express business" means the business of carrying property for  
11 public hire on the line of any common carrier operated in this state,  
12 when such common carrier is not owned or leased by the person engaging  
13 in such business.

14       ~~((+2))~~ (5) "Gas distribution business" means the business of  
15 operating a plant or system for the production or distribution for hire  
16 or sale of gas, whether manufactured or natural.

17       ~~((+3))~~ (6) "Gross income" means the value proceeding or accruing  
18 from the performance of the particular public service or transportation  
19 business involved, including operations incidental thereto, but without  
20 any deduction on account of the cost of the commodity furnished or  
21 sold, the cost of materials used, labor costs, interest, discount,  
22 delivery costs, taxes, or any other expense whatsoever paid or accrued  
23 and without any deduction on account of losses.

24       ~~((+4))~~ (7) "Light and power business" means the business of  
25 operating a plant or system for the generation, production or  
26 distribution of electrical energy for hire or sale and/or for the  
27 wheeling of electricity for others.

28       ~~((+5))~~ (8) "Log transportation business" means the business of  
29 transporting logs by truck, other than exclusively upon private roads.

30       ~~((+6))~~ (9) "Motor transportation business" means the business  
31 (except urban transportation business) of operating any motor propelled  
32 vehicle by which persons or property of others are conveyed for hire,  
33 and includes, but is not limited to, the operation of any motor  
34 propelled vehicle as an auto transportation company (except urban  
35 transportation business), common carrier, or contract carrier as  
36 defined by RCW 81.68.010 and 81.80.010. However, "motor transportation  
37 business" does not mean or include: (a) A log transportation business;

1 or (b) the transportation of logs or other forest products exclusively  
2 upon private roads or private highways.

3 ~~((7))~~ (10)(a) "Public service business" means any of the  
4 businesses defined in subsections ~~((1), (2), (4), (6), (8), (9), (10),~~  
5 ~~(12), and (13))~~ (4), (5), (7), (9), (11), (12), (13), (15), and (16)  
6 of this section or any business subject to control by the state, or  
7 having the powers of eminent domain and the duties incident thereto, or  
8 any business hereafter declared by the legislature to be of a public  
9 service nature, except telephone business and low-level radioactive  
10 waste site operating companies as redefined in RCW 81.04.010. It  
11 includes, among others, without limiting the scope hereof: Airplane  
12 transportation, boom, dock, ferry, pipe line, toll bridge, toll logging  
13 road, water transportation and wharf businesses.

14 (b) The definitions in this subsection ~~((7))~~ (10)(b) apply  
15 throughout this subsection ~~((7))~~ (10).

16 (i) "Competitive telephone service" has the same meaning as in RCW  
17 82.04.065.

18 (ii) "Network telephone service" means the providing by any person  
19 of access to a telephone network, telephone network switching service,  
20 toll service, or coin telephone services, or the providing of  
21 telephonic, video, data, or similar communication or transmission for  
22 hire, via a telephone network, toll line or channel, cable, microwave,  
23 or similar communication or transmission system. "Network telephone  
24 service" includes the provision of transmission to and from the site of  
25 an internet provider via a telephone network, toll line or channel,  
26 cable, microwave, or similar communication or transmission system.  
27 "Network telephone service" does not include the providing of  
28 competitive telephone service, the providing of cable television  
29 service, the providing of broadcast services by radio or television  
30 stations, nor the provision of internet access as defined in RCW  
31 82.04.297, including the reception of dial-in connection, provided at  
32 the site of the internet service provider.

33 (iii) "Telephone business" means the business of providing network  
34 telephone service. It includes cooperative or farmer line telephone  
35 companies or associations operating an exchange.

36 (iv) "Telephone service" means competitive telephone service or  
37 network telephone service, or both, as defined in (b)(i) and (ii) of  
38 this subsection.

1           (~~(+8)~~) (11) "Railroad business" means the business of operating  
2 any railroad, by whatever power operated, for public use in the  
3 conveyance of persons or property for hire. It (~~(shall)~~) may not,  
4 however, include any business herein defined as an urban transportation  
5 business.

6           (~~(+9)~~) (12) "Railroad car business" means the business of  
7 operating stock cars, furniture cars, refrigerator cars, fruit cars,  
8 poultry cars, tank cars, sleeping cars, parlor cars, buffet cars,  
9 tourist cars, or any other kinds of cars used for transportation of  
10 property or persons upon the line of any railroad operated in this  
11 state when such railroad is not owned or leased by the person engaging  
12 in such business.

13           (~~(+10)~~) (13) "Telegraph business" means the business of affording  
14 telegraphic communication for hire.

15           (~~(+11)~~) (14) "Tugboat business" means the business of operating  
16 tugboats, towboats, wharf boats or similar vessels in the towing or  
17 pushing of vessels, barges or rafts for hire.

18           (~~(+12)~~) (15) "Urban transportation business" means the business of  
19 operating any vehicle for public use in the conveyance of persons or  
20 property for hire, insofar as (a) operating entirely within the  
21 corporate limits of any city or town, or within five miles of the  
22 corporate limits thereof, or (b) operating entirely within and between  
23 cities and towns whose corporate limits are not more than five miles  
24 apart or within five miles of the corporate limits of either thereof.  
25 Included herein, but without limiting the scope hereof, is the business  
26 of operating passenger vehicles of every type and also the business of  
27 operating cartage, pickup, or delivery services, including in such  
28 services the collection and distribution of property arriving from or  
29 destined to a point within or without the state, whether or not such  
30 collection or distribution be made by the person performing a local or  
31 interstate line-haul of such property.

32           (~~(+13)~~) (16) "Water distribution business" means the business of  
33 operating a plant or system for the distribution of water for hire or  
34 sale.

35           (~~(+14)~~) (17) The meaning attributed, in chapter 82.04 RCW, to the  
36 term "tax year," "person," "value proceeding or accruing," "business,"  
37 "engaging in business," "in this state," "within this state," "cash

1 discount" and "successor" shall apply equally in the provisions of this  
2 chapter.

3 **Sec. 2.** RCW 82.16.010 and 2009 c 535 s 1110 are each reenacted and  
4 amended to read as follows:

5 For the purposes of this chapter, unless otherwise required by the  
6 context:

7 (1) "Community residential service business" means the business of  
8 providing habilitation, instruction, and support. "Community  
9 residential services business" also means a business that is licensed  
10 and/or certified by the aging and disabilities services administration  
11 at the department of social and health services to provide the services  
12 described in this subsection.

13 (2) "Adult day health business" is the business of providing  
14 personal care, meals, social activities, and therapeutic services at  
15 adult day health centers.

16 (3) "Home care agency business" is the business of administering or  
17 providing nonmedical home care services, such as assistance with  
18 activities such as personal hygiene, dressing and undressing, eating,  
19 transferring from bed to chair, and back, toileting, ambulation,  
20 housework, meal prep, and shopping, directly or through a contract  
21 arrangement to clients in places of permanent or temporary residence.  
22 "Home care agency business" also means a business that is licensed  
23 under chapter 70.127 RCW to provide the services described in this  
24 subsection.

25 (4) "Express business" means the business of carrying property for  
26 public hire on the line of any common carrier operated in this state,  
27 when such common carrier is not owned or leased by the person engaging  
28 in such business.

29 ~~((+2))~~ (5) "Gas distribution business" means the business of  
30 operating a plant or system for the production or distribution for hire  
31 or sale of gas, whether manufactured or natural.

32 ~~((+3))~~ (6) "Gross income" means the value proceeding or accruing  
33 from the performance of the particular public service or transportation  
34 business involved, including operations incidental thereto, but without  
35 any deduction on account of the cost of the commodity furnished or  
36 sold, the cost of materials used, labor costs, interest, discount,

1 delivery costs, taxes, or any other expense whatsoever paid or accrued  
2 and without any deduction on account of losses.

3 ~~((+4))~~ (7) "Light and power business" means the business of  
4 operating a plant or system for the generation, production or  
5 distribution of electrical energy for hire or sale and/or for the  
6 wheeling of electricity for others.

7 ~~((+5))~~ (8) "Motor transportation business" means the business  
8 (except urban transportation business) of operating any motor propelled  
9 vehicle by which persons or property of others are conveyed for hire,  
10 and includes, but is not limited to, the operation of any motor  
11 propelled vehicle as an auto transportation company (except urban  
12 transportation business), common carrier, or contract carrier as  
13 defined by RCW 81.68.010 and 81.80.010. However, "motor transportation  
14 business" does not mean or include the transportation of logs or other  
15 forest products exclusively upon private roads or private highways.

16 ~~((+6))~~ (9)(a) "Public service business" means any of the  
17 businesses defined in subsections ~~((+1), (2), (4), (5), (7), (8), (9),~~  
18 ~~(11), and (12))~~ (4), (5), (7), (8), (10), (11), (12), (14), and (15)  
19 of this section or any business subject to control by the state, or  
20 having the powers of eminent domain and the duties incident thereto, or  
21 any business hereafter declared by the legislature to be of a public  
22 service nature, except telephone business and low-level radioactive  
23 waste site operating companies as redefined in RCW 81.04.010. It  
24 includes, among others, without limiting the scope hereof: Airplane  
25 transportation, boom, dock, ferry, pipe line, toll bridge, toll logging  
26 road, water transportation and wharf businesses.

27 (b) The definitions in this subsection ~~((+6))~~ (9)(b) apply  
28 throughout this subsection ~~((+6))~~ (9).

29 (i) "Competitive telephone service" has the same meaning as in RCW  
30 82.04.065.

31 (ii) "Network telephone service" means the providing by any person  
32 of access to a telephone network, telephone network switching service,  
33 toll service, or coin telephone services, or the providing of  
34 telephonic, video, data, or similar communication or transmission for  
35 hire, via a telephone network, toll line or channel, cable, microwave,  
36 or similar communication or transmission system. "Network telephone  
37 service" includes the provision of transmission to and from the site of  
38 an internet provider via a telephone network, toll line or channel,

1 cable, microwave, or similar communication or transmission system.  
2 "Network telephone service" does not include the providing of  
3 competitive telephone service, the providing of cable television  
4 service, the providing of broadcast services by radio or television  
5 stations, nor the provision of internet access as defined in RCW  
6 82.04.297, including the reception of dial-in connection, provided at  
7 the site of the internet service provider.

8 (iii) "Telephone business" means the business of providing network  
9 telephone service. It includes cooperative or farmer line telephone  
10 companies or associations operating an exchange.

11 (iv) "Telephone service" means competitive telephone service or  
12 network telephone service, or both, as defined in (b)(i) and (ii) of  
13 this subsection.

14 (~~(+7)~~) (10) "Railroad business" means the business of operating  
15 any railroad, by whatever power operated, for public use in the  
16 conveyance of persons or property for hire. It (~~shall~~) may not,  
17 however, include any business herein defined as an urban transportation  
18 business.

19 (~~(+8)~~) (11) "Railroad car business" means the business of  
20 operating stock cars, furniture cars, refrigerator cars, fruit cars,  
21 poultry cars, tank cars, sleeping cars, parlor cars, buffet cars,  
22 tourist cars, or any other kinds of cars used for transportation of  
23 property or persons upon the line of any railroad operated in this  
24 state when such railroad is not owned or leased by the person engaging  
25 in such business.

26 (~~(+9)~~) (12) "Telegraph business" means the business of affording  
27 telegraphic communication for hire.

28 (~~(+10)~~) (13) "Tugboat business" means the business of operating  
29 tugboats, towboats, wharf boats or similar vessels in the towing or  
30 pushing of vessels, barges or rafts for hire.

31 (~~(+11)~~) (14) "Urban transportation business" means the business of  
32 operating any vehicle for public use in the conveyance of persons or  
33 property for hire, insofar as (a) operating entirely within the  
34 corporate limits of any city or town, or within five miles of the  
35 corporate limits thereof, or (b) operating entirely within and between  
36 cities and towns whose corporate limits are not more than five miles  
37 apart or within five miles of the corporate limits of either thereof.  
38 Included herein, but without limiting the scope hereof, is the business

1 of operating passenger vehicles of every type and also the business of  
2 operating cartage, pickup, or delivery services, including in such  
3 services the collection and distribution of property arriving from or  
4 destined to a point within or without the state, whether or not such  
5 collection or distribution be made by the person performing a local or  
6 interstate line-haul of such property.

7 ~~((+12+))~~ (15) "Water distribution business" means the business of  
8 operating a plant or system for the distribution of water for hire or  
9 sale.

10 ~~((+13+))~~ (16) The meaning attributed, in chapter 82.04 RCW, to the  
11 term "tax year," "person," "value proceeding or accruing," "business,"  
12 "engaging in business," "in this state," "within this state," "cash  
13 discount" and "successor" shall apply equally in the provisions of this  
14 chapter.

15 **Sec. 3.** RCW 82.16.020 and 2009 c 469 s 702 are each amended to  
16 read as follows:

17 (1) There is levied and ~~((there shall be))~~ collected from every  
18 person a tax for the act or privilege of engaging within this state in  
19 any one or more of the businesses herein mentioned. The tax ~~((shall  
20 be))~~ is equal to the gross income of the business, multiplied by the  
21 rate set out after the business, as follows:

22 (a) Express, sewerage collection, and telegraph businesses: Three  
23 and six-tenths percent;

24 (b) Light and power business: Three and sixty-two one-hundredths  
25 percent;

26 (c) Gas distribution business: Three and six-tenths percent;

27 (d) Urban transportation business: Six-tenths of one percent;

28 (e) Vessels under sixty-five feet in length, except tugboats,  
29 operating upon the waters within the state: Six-tenths of one percent;

30 (f) Motor transportation, railroad, railroad car, and tugboat  
31 businesses, and all public service businesses other than ones mentioned  
32 above: One and eight-tenths of one percent;

33 (g) Water distribution business: Four and seven-tenths percent;

34 (h) Log transportation business: One and twenty-eight one-  
35 hundredths percent;

36 (i) Community residential service business: Four and seven-tenths  
37 percent;



1 (j) Home care business: Four and seven-tenths percent;

2 (k) Adult day health business: Four and seven-tenths percent.

3 (2) An additional tax is imposed equal to the rate specified in RCW  
4 82.02.030 multiplied by the tax payable under subsection (1) of this  
5 section.

6 (3) Twenty percent of the moneys collected under subsection (1) of  
7 this section on water distribution businesses and sixty percent of the  
8 moneys collected under subsection (1) of this section on sewerage  
9 collection businesses (~~shall~~) must be deposited in the public works  
10 assistance account created in RCW 43.155.050.

11 (4) Ninety-five percent of the moneys collected under subsection  
12 (1)(h) of this section must be deposited in the community residential  
13 investment account.

14 (5) Ninety-five percent of the moneys collected under subsection  
15 (1)(i) and (j) of this section must be deposited in the home and  
16 community based services investment account.

17 **Sec. 4.** RCW 82.16.020 and 1996 c 150 s 2 are each amended to read  
18 as follows:

19 (1) There is levied and (~~there shall be~~) collected from every  
20 person a tax for the act or privilege of engaging within this state in  
21 any one or more of the businesses herein mentioned. The tax (~~shall~~  
22 ~~be~~) is equal to the gross income of the business, multiplied by the  
23 rate set out after the business, as follows:

24 (a) Express, sewerage collection, and telegraph businesses: Three  
25 and six-tenths percent;

26 (b) Light and power business: Three and sixty-two one-hundredths  
27 percent;

28 (c) Gas distribution business: Three and six-tenths percent;

29 (d) Urban transportation business: Six-tenths of one percent;

30 (e) Vessels under sixty-five feet in length, except tugboats,  
31 operating upon the waters within the state: Six-tenths of one percent;

32 (f) Motor transportation, railroad, railroad car, and tugboat  
33 businesses, and all public service businesses other than ones mentioned  
34 above: One and eight-tenths of one percent;

35 (g) Water distribution business: Four and seven-tenths percent;

36 (h) Community residential service business: Four and seven-tenths  
37 percent;

1 (i) Home care business: Four and seven-tenths percent;

2 (j) Adult day health business: Four and seven-tenths percent.

3 (2) An additional tax is imposed equal to the rate specified in RCW  
4 82.02.030 multiplied by the tax payable under subsection (1) of this  
5 section.

6 (3) Twenty percent of the moneys collected under subsection (1) of  
7 this section on water distribution businesses and sixty percent of the  
8 moneys collected under subsection (1) of this section on sewerage  
9 collection businesses (~~shall~~) must be deposited in the public works  
10 assistance account created in RCW 43.155.050.

11 (4) Ninety-five percent of the moneys collected under subsection  
12 (1)(h) of this section must be deposited in the community residential  
13 investment account.

14 (5) Ninety-five percent of the moneys collected under subsection  
15 (1)(i) and (j) of this section must be deposited in the home and  
16 community based services investment account.

17 NEW SECTION. Sec. 5. A new section is added to chapter 82.16 RCW  
18 to read as follows:

19 (1) The community residential investment account is created in the  
20 state treasury. Moneys in the account may be spent only after  
21 appropriation. Expenditures from the account may be used for the  
22 following purposes:

23 (a) To increase rates paid to community residential services  
24 businesses from the rates provided in section 205(1), chapter 564, Laws  
25 of 2009;

26 (b) To enhance the rates paid to increase compensation to staff  
27 providing habilitative instruction and support services, and homogenize  
28 administrative and indirect client support rates; and

29 (c) To increase the number of individuals receiving community  
30 residential services available through the division of developmental  
31 disabilities.

32 (2) The home and community based services investment account is  
33 created in the state treasury. Moneys in the account may be spent only  
34 after appropriation. Expenditures from the account may be used for  
35 home and community based services provided by the aging and  
36 disabilities services administration at the department of social and  
37 health services. Expenditures from the account may be used for, but

1 are not limited to, the following purposes: (a) To increase rates paid  
2 to home care and adult day health businesses to compensate for the  
3 amount of public utility tax paid; (b) for an allocation to the  
4 department of health to cover grants to home care agencies that provide  
5 services to private pay populations; and (c) to prevent reductions in  
6 services or expand access to home care and adult day health services.

7 NEW SECTION. **Sec. 6.** Sections 1 and 3 of this act take effect  
8 July 1, 2010.

9 NEW SECTION. **Sec. 7.** Sections 2 and 4 of this act take effect  
10 June 30, 2013.

11 NEW SECTION. **Sec. 8.** Sections 1 and 3 of this act expire June 30,  
12 2013.

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