

1 ascertainable reason for the exemption in RCW 48.14.020(3), which
2 relates to ocean marine and foreign trade insurance contracts, and
3 therefore repeals the exemption.

4 **Sec. 102.** RCW 48.14.020 and 2009 c 161 s 3 are each amended to
5 read as follows:

6 (1) Subject to other provisions of this chapter, each authorized
7 insurer except title insurers (~~shall~~) must on or before the first day
8 of March of each year pay to the state treasurer through the
9 commissioner's office a tax on premiums. Except as provided in
10 subsection (2) of this section, such tax (~~shall be~~) is in the amount
11 of two percent of all premiums, excluding amounts returned to or the
12 amount of reductions in premiums allowed to holders of industrial life
13 policies for payment of premiums directly to an office of the insurer,
14 collected or received by the insurer under RCW 48.14.090 during the
15 preceding calendar year other than ocean marine and foreign trade
16 insurances, after deducting premiums paid to policyholders as returned
17 premiums, upon risks or property resident, situated, or to be performed
18 in this state. For tax purposes, the reporting of premiums (~~shall~~)
19 must be on a written basis or on a paid-for basis consistent with the
20 basis required by the annual statement. For the purposes of this
21 section the consideration received by an insurer for the granting of an
22 annuity (~~shall~~) is not (~~be~~) deemed to be a premium.

23 (2) In the case of insurers which require the payment by their
24 policyholders at the inception of their policies of the entire premium
25 thereon in the form of premiums or premium deposits which are the same
26 in amount, based on the character of the risks, regardless of the
27 length of term for which such policies are written, such tax (~~shall~~
28 ~~be~~) is in the amount of two percent of the gross amount of such
29 premiums and premium deposits upon policies on risks resident, located,
30 or to be performed in this state, in force as of the thirty-first day
31 of December next preceding, less the unused or unabsorbed portion of
32 such premiums and premium deposits computed at the average rate thereof
33 actually paid or credited to policyholders or applied in part payment
34 of any renewal premiums or premium deposits on one-year policies
35 expiring during such year.

36 (3) (~~Each authorized insurer shall with respect to all ocean~~
37 ~~marine and foreign trade insurance contracts written within this state~~

1 during the preceding calendar year, on or before the first day of March
2 of each year pay to the state treasurer through the commissioner's
3 office a tax of ninety five one hundredths of one percent on its gross
4 underwriting profit. Such gross underwriting profit shall be
5 ascertained by deducting from the net premiums (i.e., gross premiums
6 less all return premiums and premiums for reinsurance) on such ocean
7 marine and foreign trade insurance contracts the net losses paid (i.e.,
8 gross losses paid less salvage and recoveries on reinsurance ceded)
9 during such calendar year under such contracts. In the case of
10 insurers issuing participating contracts, such gross underwriting
11 profit shall not include, for computation of the tax prescribed by this
12 subsection, the amounts refunded, or paid as participation dividends,
13 by such insurers to the holders of such contracts.

14 (4)) The state does hereby preempt the field of imposing excise or
15 privilege taxes upon insurers or their appointed insurance producers,
16 other than title insurers, and no county, city, town or other municipal
17 subdivision ((shall have)) has the right to impose any such taxes upon
18 such insurers or these insurance producers.

19 ((+5)) (4) If an authorized insurer collects or receives any such
20 premiums on account of policies in force in this state which were
21 originally issued by another insurer and which other insurer is not
22 authorized to transact insurance in this state on its own account, such
23 collecting insurer ((shall be)) is liable for and ((shall)) must pay
24 the tax on such premiums.

25 **Sec. 103.** RCW 82.08.0262 and 2009 c 503 s 1 are each amended to
26 read as follows:

27 (1) The tax levied by RCW 82.08.020 does not apply to:

28 (a) Sales of airplanes (i) to the United States government; (ii)
29 ((for use)) used primarily in conducting interstate or foreign
30 commerce; or (iii) ((for use)) used primarily in providing intrastate
31 air transportation by a commuter air carrier;

32 (b) Sales of locomotives, railroad cars, or watercraft ((for use))
33 used primarily in conducting interstate or foreign commerce by
34 transporting therein or therewith property and persons for hire or for
35 use in conducting commercial deep sea fishing operations outside the
36 territorial waters of the state;

1 (c) Sales of tangible personal property that becomes a component
2 part of such airplanes, locomotives, railroad cars, or watercraft, and
3 of motor vehicles or trailers whether owned by or leased with or
4 without drivers and used by the holder of a carrier permit issued by
5 the interstate commerce commission or its successor agency authorizing
6 transportation by motor vehicle across the boundaries of this state, in
7 the course of constructing, repairing, cleaning, altering, or improving
8 the same; and

9 (d) Sales of or charges made for labor and services rendered in
10 respect to such constructing, repairing, cleaning, altering, or
11 improving.

12 (2) The term "commuter air carrier" means an air carrier holding
13 authority under Title 14, Part 298 of the code of federal regulations
14 that carries passengers on at least five round trips per week on at
15 least one route between two or more points according to its published
16 flight schedules that specify the times, days of the week, and places
17 between which those flights are performed.

18 **Sec. 104.** RCW 82.08.0253 and 2009 c 535 s 506 are each amended to
19 read as follows:

20 (1) The tax levied by RCW 82.08.020 does not apply to:

21 (a) The distribution and newsstand sale of printed newspapers; and

22 (b) The sale of newspapers transferred electronically, provided
23 that the electronic version of a printed newspaper:

24 (i) Shares content with the printed newspaper; and

25 (ii) Is prominently identified by the same name as the printed
26 newspaper or otherwise conspicuously indicates that it is a complement
27 to the printed newspaper.

28 (2) For purposes of this section, "printed newspaper" means a
29 publication issued regularly at stated intervals at least twice a month
30 and printed on newsprint in tabloid or broadsheet format folded loosely
31 together without stapling, glue, or any other binding of any kind,
32 including any supplement of a printed newspaper.

33 (3)(a) The legislature intends that democracy requires an informed
34 citizenry that has free access to unbiased information.

35 (b) A newspaper is immediately ineligible for the tax exemption
36 under this section, if the newspaper gains a dominant market share and
37 becomes a dominant provider of opinion in the market wherein it

1 promotes the bias of its editorial board without opposing opinion by
2 another newspaper in the same market, unless the newspaper implements
3 a plan to correct the dissemination of biased information to the
4 citizenry.

5 **Sec. 105.** RCW 82.12.0345 and 2009 c 535 s 618 are each amended to
6 read as follows:

7 The tax imposed by RCW 82.12.020 does not apply in respect to the
8 use of:

9 (1) Printed newspapers as defined in RCW 82.08.0253; and

10 (2) Newspapers transferred electronically, provided that the
11 electronic version of a printed newspaper:

12 (a) Shares content with the printed newspaper; and

13 (b) Is prominently identified by the same name as the printed
14 newspaper or otherwise conspicuously indicates that it is a complement
15 to the printed newspaper.

16 (3)(a) The legislature intends that democracy requires an informed
17 citizenry that has free access to unbiased information.

18 (b) A newspaper is immediately ineligible for the tax exemption
19 under this section, if the newspaper gains a dominant market share and
20 becomes a dominant provider of opinion in the market wherein it
21 promotes the bias of its editorial board without opposing opinion by
22 another newspaper in the same market, unless the newspaper implements
23 a plan to correct the dissemination of biased information to the
24 citizenry.

25 **Part II**
26 **Radio and TV Broadcasting**

27 **Sec. 201.** RCW 82.04.280 and 2010 c 106 s 205 are each amended to
28 read as follows:

29 (1) Upon every person engaging within this state in the business
30 of: (a) Printing materials other than newspapers, and of publishing
31 periodicals or magazines; (b) building, repairing or improving any
32 street, place, road, highway, easement, right-of-way, mass public
33 transportation terminal or parking facility, bridge, tunnel, or trestle
34 which is owned by a municipal corporation or political subdivision of
35 the state or by the United States and which is used or to be used,

1 primarily for foot or vehicular traffic including mass transportation
2 vehicles of any kind and including any readjustment, reconstruction or
3 relocation of the facilities of any public, private or cooperatively
4 owned utility or railroad in the course of such building, repairing or
5 improving, the cost of which readjustment, reconstruction, or
6 relocation, is the responsibility of the public authority whose street,
7 place, road, highway, easement, right-of-way, mass public
8 transportation terminal or parking facility, bridge, tunnel, or trestle
9 is being built, repaired or improved; (c) extracting for hire or
10 processing for hire, except persons taxable as extractors for hire or
11 processors for hire under another section of this chapter; (d)
12 operating a cold storage warehouse or storage warehouse, but not
13 including the rental of cold storage lockers; (e) representing and
14 performing services for fire or casualty insurance companies as an
15 independent resident managing general agent (~~licensed under the~~
16 ~~provisions of chapter 48.17 RCW~~); (f) radio and television
17 broadcasting, excluding network, national and regional advertising
18 computed as a standard deduction (~~based on the national average~~
19 ~~thereof as annually reported by the federal communications~~
20 ~~commission~~), which the department must publish by rule every fifth
21 year by September 30th, or in lieu thereof by itemization by the
22 individual broadcasting station, and excluding that portion of revenue
23 represented by the out-of-state audience computed as a ratio to the
24 station's total audience as measured by the 100 micro-volt signal
25 strength and delivery by wire, if any; (g) engaging in activities which
26 bring a person within the definition of consumer contained in RCW
27 82.04.190(6); as to such persons, the amount of tax on such business is
28 equal to the gross income of the business multiplied by the rate of
29 0.484 percent.

30 (2) For the purposes of this section, the following definitions
31 apply unless the context clearly requires otherwise.

32 (a) "Cold storage warehouse" means a storage warehouse used to
33 store fresh and/or frozen perishable fruits or vegetables, meat,
34 seafood, dairy products, or fowl, or any combination thereof, at a
35 desired temperature to maintain the quality of the product for orderly
36 marketing.

37 (b) "Storage warehouse" means a building or structure, or any part
38 thereof, in which goods, wares, or merchandise are received for storage

1 for compensation, except field warehouses, fruit warehouses, fruit
2 packing plants, warehouses licensed under chapter 22.09 RCW, public
3 garages storing automobiles, railroad freight sheds, docks and wharves,
4 and "self-storage" or "mini storage" facilities whereby customers have
5 direct access to individual storage areas by separate entrance.
6 "Storage warehouse" does not include a building or structure, or that
7 part of such building or structure, in which an activity taxable under
8 RCW 82.04.272 is conducted.

9 (c) "Periodical or magazine" means a printed publication, other
10 than a newspaper, issued regularly at stated intervals at least once
11 every three months, including any supplement or special edition of the
12 publication.

13 **Sec. 202.** RCW 82.04.280 and 2010 c 106 s 206 are each amended to
14 read as follows:

15 (1) Upon every person engaging within this state in the business
16 of: (a) Printing materials other than newspapers, and of publishing
17 periodicals or magazines; (b) building, repairing or improving any
18 street, place, road, highway, easement, right-of-way, mass public
19 transportation terminal or parking facility, bridge, tunnel, or trestle
20 which is owned by a municipal corporation or political subdivision of
21 the state or by the United States and which is used or to be used,
22 primarily for foot or vehicular traffic including mass transportation
23 vehicles of any kind and including any readjustment, reconstruction or
24 relocation of the facilities of any public, private or cooperatively
25 owned utility or railroad in the course of such building, repairing or
26 improving, the cost of which readjustment, reconstruction, or
27 relocation, is the responsibility of the public authority whose street,
28 place, road, highway, easement, right-of-way, mass public
29 transportation terminal or parking facility, bridge, tunnel, or trestle
30 is being built, repaired or improved; (c) extracting for hire or
31 processing for hire, except persons taxable as extractors for hire or
32 processors for hire under another section of this chapter; (d)
33 operating a cold storage warehouse or storage warehouse, but not
34 including the rental of cold storage lockers; (e) representing and
35 performing services for fire or casualty insurance companies as an
36 independent resident managing general agent (~~licensed under the~~
37 ~~provisions of chapter 48.17 RCW~~)); (f) radio and television

1 broadcasting, excluding network, national and regional advertising
2 computed as a standard deduction (~~based on the national average~~
3 ~~thereof as annually reported by the federal communications~~
4 ~~commission~~), which the department must publish by rule every fifth
5 year by September 30th, or in lieu thereof by itemization by the
6 individual broadcasting station, and excluding that portion of revenue
7 represented by the out-of-state audience computed as a ratio to the
8 station's total audience as measured by the 100 micro-volt signal
9 strength and delivery by wire, if any; (g) engaging in activities which
10 bring a person within the definition of consumer contained in RCW
11 82.04.190(6); as to such persons, the amount of tax on such business is
12 equal to the gross income of the business multiplied by the rate of
13 0.484 percent.

14 (2) For the purposes of this section, the following definitions
15 apply unless the context clearly requires otherwise.

16 (a) "Cold storage warehouse" means a storage warehouse used to
17 store fresh and/or frozen perishable fruits or vegetables, meat,
18 seafood, dairy products, or fowl, or any combination thereof, at a
19 desired temperature to maintain the quality of the product for orderly
20 marketing.

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

31 (c) "Periodical or magazine" means a printed publication, other
32 than a newspaper, issued regularly at stated intervals at least once
33 every three months, including any supplement or special edition of the
34 publication.

35 NEW SECTION. **Sec. 203.** A new section is added to chapter 82.04
36 RCW to read as follows:

37 For the standard deduction in RCW 82.04.280(6), the department must

1 study radio and television broadcasting, excluding network, national
2 and regional advertising to establish the standard deduction computed
3 as a ratio of the network, national and regional advertising revenue to
4 the total advertising revenue of the radio or television station
5 expressed as a percentage. The department must complete the study
6 using the best available information. This study must be completed by
7 August 1, 2011, and the standard deduction must be published by rule by
8 December 1, 2011. The study must be repeated every fifth year
9 thereafter by March 30th and the rule must be published every fifth
10 year by September 30th.

11 **Part III**
12 **Nonprofit Property Tax Exemptions**

13 NEW SECTION. **Sec. 301.** (1) The legislature recognizes the rich
14 and diverse traditions represented by Washington's nonprofit homes for
15 the sick or infirm and nonprofit hospitals for the sick and the value
16 they provide to the residents and communities they serve as well as the
17 employees who provide loving compassionate care.

18 (2) The legislature finds requiring uniform and public reporting of
19 community benefit is one way these facilities can continue to
20 demonstrate the value provided in a manner consistent with the values
21 of transparency and public accountability. Further, the legislature
22 finds that Washington should adopt national standards for reporting of
23 community benefits for nonprofit hospitals and nonprofit homes for the
24 sick or infirm.

25 **Sec. 302.** RCW 84.36.840 and 2007 c 111 s 305 are each amended to
26 read as follows:

27 (1) In order to determine whether organizations, associations,
28 corporations, or institutions, except those exempted under RCW
29 84.36.020 and 84.36.030, are exempt from property taxes, and before the
30 exemption (~~shall be~~) is allowed for any year, the superintendent or
31 manager or other proper officer of the organization, association,
32 corporation, or institution claiming exemption from taxation (~~shall~~)
33 must file with the department of revenue a statement certifying that
34 the income and the receipts thereof, including donations to it, have
35 been applied to the actual expenses of operating and maintaining it, or

1 for its capital expenditures, and to no other purpose. This report
2 (~~shall~~) must also include a statement of the receipts and
3 disbursements of the exempt organization, association, corporation, or
4 institution.

5 (2) Educational institutions claiming exemption under RCW 84.36.050
6 (~~shall~~) must also file a list of all property claimed to be exempt,
7 the purpose for which it is used, the revenue derived from it for the
8 preceding year, the use to which the revenue was applied, the number of
9 students who attended the school or college, the total revenues of the
10 institution with the source from which they were derived, and the
11 purposes to which the revenues were applied, listing the items of such
12 revenues and expenditures in detail.

13 (3) Nonprofit homes for the sick or infirm and nonprofit hospitals
14 for the sick claiming exemptions under RCW 84.36.040(1) (d) and (e)
15 must also file on an annual basis no later than June 30th of each year,
16 with the department of revenue a community benefit report for the
17 preceding year. Community benefits include, but are not limited to:
18 Community health improvement services; health professions education;
19 subsidized health services; research; financial and in-kind
20 contributions; community-building activities; community benefit
21 operations; and charity care, including unreimbursed costs of indigent
22 government sponsored programs and medicaid shortfall. Nonprofit
23 hospitals for the sick must file a copy of the federal income tax form
24 990 "Schedule H" with the department to report data on community
25 benefits, including charity care. Nonprofit homes for the sick or
26 infirm must file a report on community benefits, including charity
27 care, on a standardized form developed by the department. The
28 standardized form must provide the same or similar relevant data as
29 required for the federal income tax form 990 "Schedule H" to report
30 data on community benefits, including charity care. Reports filed
31 under this subsection must be submitted electronically to the
32 department by June 30, 2012, for community benefits provided during
33 calendar year 2011, and by June 30th in each subsequent year
34 thereafter. The department must provide electronic notice of the
35 filing due date by May 31st of each year. The department may waive the
36 requirement to file reports electronically for good cause shown. If
37 the report is not received by the filing deadline, the exemption must

1 be removed. However, the department must allow a reasonable extension
2 of time for filing upon receipt of a written request on or before the
3 required filing date and for good cause shown therein.

4 (4) The reports required under subsections (1) and (2) of this
5 section may be submitted electronically, in a format provided or
6 approved by the department, or mailed to the department. The reports
7 (~~shall~~) must be submitted on or before March 31st of each year. The
8 department (~~shall~~) must remove the tax exemption from the property of
9 any organization, association, corporation, or institution that does
10 not file the required report with the department on or before the due
11 date. However, the department (~~shall~~) must allow a reasonable
12 extension of time for filing upon receipt of a written request on or
13 before the required filing date and for good cause shown therein.

14 **Part IV**

15 **Income Limit for Business and Occupation**

16 **Tax Exemptions for Agricultural Products**

17 **Sec. 401.** RCW 82.04.330 and 2001 c 118 s 3 are each amended to
18 read as follows:

19 This chapter (~~shall~~) does not apply to amounts under two million
20 dollars derived by any farmer that sells any agricultural product at
21 wholesale or to any farmer who grows, raises, or produces agricultural
22 products owned by others, such as custom feed operations. This
23 exemption (~~shall~~) does not apply to any person selling such products
24 at retail or to any person selling manufactured substances or articles.

25 This chapter (~~shall~~) also does not apply to any persons who
26 participate in the federal conservation reserve program or its
27 successor administered by the United States department of agriculture
28 with respect to land enrolled in that program.

29 **Sec. 402.** RCW 82.04.410 and 1967 ex.s. c 149 s 15 are each amended
30 to read as follows:

31 This chapter (~~shall~~) does not apply to amounts under two hundred
32 thousand dollars derived by persons engaged in the production and sale
33 of hatching eggs or poultry for use in the production for sale of
34 poultry or poultry products.

1 Part V

2 Public Utility Tax--Removing Urban Category

3 Sec. 501. RCW 82.16.010 and 2010 c 106 s 224 are each amended to
4 read as follows:

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

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

11 (2) "Gas distribution business" means the business of operating a
12 plant or system for the production or distribution for hire or sale of
13 gas, whether manufactured or natural.

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

21 (4) "Light and power business" means the business of operating a
22 plant or system for the generation, production or distribution of
23 electrical energy for hire or sale and/or for the wheeling of
24 electricity for others.

25 (5) "Log transportation business" means the business of
26 transporting logs by truck, except when such transportation meets the
27 definition of urban transportation business or occurs exclusively upon
28 private roads.

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

36 (b) "Transportation business" also means the business of operating
37 any vehicle for public use in the conveyance of persons or property for
38 hire. Included herein, but without limiting the scope hereof, is the

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

7 (c) "Transportation business" does not mean or include: ((a))

8 (i) A log transportation business; or ((b)) (ii) the transportation
9 of logs or other forest products exclusively upon private roads or
10 private highways.

11 (7)(a) "Public service business" means any of the businesses
12 defined in subsections (1), (2), (4), (6), (8), (9), (10), ((12)),
13 and ((13)) (12) of this section or any business subject to control by
14 the state, or having the powers of eminent domain and the duties
15 incident thereto, or any business hereafter declared by the legislature
16 to be of a public service nature, except telephone business and low-
17 level radioactive waste site operating companies as redefined in RCW
18 81.04.010. It includes, among others, without limiting the scope
19 hereof: Airplane transportation, boom, dock, ferry, pipe line, toll
20 bridge, toll logging road, water transportation and wharf businesses.

21 (b) The definitions in this subsection (7)(b) apply throughout this
22 subsection (7).

23 (i) "Competitive telephone service" has the same meaning as in RCW
24 82.04.065.

25 (ii) "Network telephone service" means the providing by any person
26 of access to a telephone network, telephone network switching service,
27 toll service, or coin telephone services, or the providing of
28 telephonic, video, data, or similar communication or transmission for
29 hire, via a telephone network, toll line or channel, cable, microwave,
30 or similar communication or transmission system. "Network telephone
31 service" includes the provision of transmission to and from the site of
32 an internet provider via a telephone network, toll line or channel,
33 cable, microwave, or similar communication or transmission system.
34 "Network telephone service" does not include the providing of
35 competitive telephone service, the providing of cable television
36 service, the providing of broadcast services by radio or television
37 stations, nor the provision of internet access as defined in RCW

1 82.04.297, including the reception of dial-in connection, provided at
2 the site of the internet service provider.

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

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

9 (8) "Railroad business" means the business of operating any
10 railroad, by whatever power operated, for public use in the conveyance
11 of persons or property for hire. It ((shall)) does not, however,
12 include any business herein defined as an urban transportation
13 business.

14 (9) "Railroad car business" means the business of operating stock
15 cars, furniture cars, refrigerator cars, fruit cars, poultry cars, tank
16 cars, sleeping cars, parlor cars, buffet cars, tourist cars, or any
17 other kinds of cars used for transportation of property or persons upon
18 the line of any railroad operated in this state when such railroad is
19 not owned or leased by the person engaging in such business.

20 (10) "Telegraph business" means the business of affording
21 telegraphic communication for hire.

22 (11) "Tugboat business" means the business of operating tugboats,
23 towboats, wharf boats or similar vessels in the towing or pushing of
24 vessels, barges or rafts for hire.

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

1 ~~(13)~~) "Water distribution business" means the business of
2 operating a plant or system for the distribution of water for hire or
3 sale.

4 ~~((14))~~ (13) The meaning attributed, in chapter 82.04 RCW, to the
5 term "tax year," "person," "value proceeding or accruing," "business,"
6 "engaging in business," "in this state," "within this state," "cash
7 discount" and "successor" applies equally in the provisions of this
8 chapter.

9 **Sec. 502.** RCW 82.16.010 and 2009 c 535 s 1110 are each reenacted
10 and amended to read as follows:

11 For the purposes of this chapter, unless otherwise required by the
12 context:

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

17 (2) "Gas distribution business" means the business of operating a
18 plant or system for the production or distribution for hire or sale of
19 gas, whether manufactured or natural.

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

27 (4) "Light and power business" means the business of operating a
28 plant or system for the generation, production or distribution of
29 electrical energy for hire or sale and/or for the wheeling of
30 electricity for others.

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

1 (b) "Transportation business" also means the business of operating
2 any vehicle for public use in the conveyance of persons or property for
3 hire. Included herein, but without limiting the scope hereof, is the
4 business of operating passenger vehicles of every type and also the
5 business of operating cartage, pickup, or delivery services, including
6 in such services the collection and distribution of property arriving
7 from or destined to a point within or without the state, whether or not
8 such collection or distribution be made by the person performing a
9 local or interstate line-haul of such property.

10 (c) "Transportation business" does not mean or include the
11 transportation of logs or other forest products exclusively upon
12 private roads or private highways.

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

23 (b) The definitions in this subsection (6)(b) apply throughout this
24 subsection (6).

25 (i) "Competitive telephone service" has the same meaning as in RCW
26 82.04.065.

27 (ii) "Network telephone service" means the providing by any person
28 of access to a telephone network, telephone network switching service,
29 toll service, or coin telephone services, or the providing of
30 telephonic, video, data, or similar communication or transmission for
31 hire, via a telephone network, toll line or channel, cable, microwave,
32 or similar communication or transmission system. "Network telephone
33 service" includes the provision of transmission to and from the site of
34 an internet provider via a telephone network, toll line or channel,
35 cable, microwave, or similar communication or transmission system.
36 "Network telephone service" does not include the providing of
37 competitive telephone service, the providing of cable television
38 service, the providing of broadcast services by radio or television

1 stations, nor the provision of internet access as defined in RCW
2 82.04.297, including the reception of dial-in connection, provided at
3 the site of the internet service provider.

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

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

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

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

21 (9) "Telegraph business" means the business of affording
22 telegraphic communication for hire.

23 (10) "Tugboat business" means the business of operating tugboats,
24 towboats, wharf boats or similar vessels in the towing or pushing of
25 vessels, barges or rafts for hire.

26 ~~(("Urban transportation business" means the business of
27 operating any vehicle for public use in the conveyance of persons or
28 property for hire, insofar as (a) operating entirely within the
29 corporate limits of any city or town, or within five miles of the
30 corporate limits thereof, or (b) operating entirely within and between
31 cities and towns whose corporate limits are not more than five miles
32 apart or within five miles of the corporate limits of either thereof.
33 Included herein, but without limiting the scope hereof, is the business
34 of operating passenger vehicles of every type and also the business of
35 operating cartage, pickup, or delivery services, including in such
36 services the collection and distribution of property arriving from or
37 destined to a point within or without the state, whether or not such~~

1 ~~collection or distribution be made by the person performing a local or~~
2 ~~interstate line haul of such property.~~

3 ~~(12))~~ "Water distribution business" means the business of
4 operating a plant or system for the distribution of water for hire or
5 sale.

6 ~~((13))~~ (12) The meaning attributed, in chapter 82.04 RCW, to the
7 term "tax year," "person," "value proceeding or accruing," "business,"
8 "engaging in business," "in this state," "within this state," "cash
9 discount" and "successor" ~~((shall))~~ apply equally in the provisions of
10 this chapter.

11 **Sec. 503.** RCW 82.16.020 and 2009 c 469 s 702 are each amended to
12 read as follows:

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

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

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

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

23 ~~(d) ((Urban transportation business: Six tenths of one percent;~~

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

26 ~~(f))~~ Motor transportation, railroad, railroad car, and tugboat
27 businesses, and all public service businesses other than ones mentioned
28 above: One and ~~((eight tenths))~~ seventy-five hundredths of one
29 percent;

30 ~~((g))~~ (e) Water distribution business: Four and seven-tenths
31 percent;

32 ~~((h))~~ (f) Log transportation business: One and twenty-eight one-
33 hundredths percent.

34 (2) An additional tax is imposed on the act or privilege of
35 engaging within this state in any one or more of the businesses
36 mentioned in subsection (1)(a) through (c), and (e) of this section

1 equal to the rate specified in RCW 82.02.030 multiplied by the tax
2 payable under subsection (1) of this section.

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

8 **Sec. 504.** RCW 82.16.020 and 1996 c 150 s 2 are each amended to
9 read as follows:

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

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

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

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

20 (d) (~~Urban transportation business: Six tenths of one percent;~~

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

23 (~~f~~)) Motor transportation, railroad, railroad car, and tugboat
24 businesses, and all public service businesses other than ones mentioned
25 above: One and (~~eight tenths~~) seventy-five hundredths of one
26 percent;

27 (~~g~~)) (e) Water distribution business: Four and seven-tenths
28 percent.

29 (2) An additional tax is imposed on the act or privilege of
30 engaging within this state in any one or more of the businesses
31 mentioned in subsection (1)(a) through (c), and (e) of this section
32 equal to the rate specified in RCW 82.02.030 multiplied by the tax
33 payable under subsection (1) of this section.

34 (3) Twenty percent of the moneys collected under subsection (1) of
35 this section on water distribution businesses and sixty percent of the
36 moneys collected under subsection (1) of this section on sewerage

1 collection businesses (~~shall~~) must be deposited in the public works
2 assistance account created in RCW 43.155.050.

3 **Part VI**

4 **Membership Dues and Fees**

5 **Sec. 601.** RCW 82.04.4282 and 2009 c 535 s 410 are each amended to
6 read as follows:

7 In computing tax there may be deducted from the measure of tax
8 amounts derived from bona fide (1) dues and initiation fees paid to
9 nonprofit organizations exempt from the federal income tax under Title
10 26 U.S.C. Sec. 501(c)(3), (c)(4), (c)(5), (c)(6), (c)(8), (c)(10), or
11 (c)(19) of the federal internal revenue code, as amended as of January
12 1, 2011, (2) (~~dues, (3)~~) contributions, (~~(4)~~) (3) donations,
13 (~~(5)~~) (4) tuition fees, (~~(6)~~) (5) charges made by a nonprofit trade
14 or professional organization for attending or occupying space at a
15 trade show, convention, or educational seminar sponsored by the
16 nonprofit trade or professional organization, which trade show,
17 convention, or educational seminar is not open to the general public,
18 (~~(7)~~) (6) charges made for operation of privately operated
19 kindergartens, and (~~(8)~~) (7) endowment funds. This section may not
20 be construed to exempt any person, association, or society from tax
21 liability upon selling tangible personal property, digital goods,
22 digital codes, or digital automated services, or upon providing
23 facilities or other services for which a special charge is made to
24 members or others. If dues are in exchange for any significant amount
25 of goods or services rendered by the recipient thereof to members
26 without any additional charge to the member, or if the dues are
27 graduated upon the amount of goods or services rendered, the value of
28 such goods or services (~~shall~~) is not (~~be~~) considered as a
29 deduction under this section.

30 **Part VII**

31 **Public Utility Tax Deduction for Irrigation**

32 **Sec. 701.** RCW 82.16.050 and 2007 c 330 s 1 are each amended to
33 read as follows:

1 In computing tax there may be deducted from the gross income the
2 following items:

3 (1) Amounts derived by municipally owned or operated public service
4 businesses, directly from taxes levied for the support or maintenance
5 thereof. This subsection may not be construed to exempt service
6 charges which are spread on the property tax rolls and collected as
7 taxes;

8 (2) Amounts derived from the sale of commodities to persons in the
9 same public service business as the seller, for resale as such within
10 this state. This deduction is allowed only with respect to water
11 distribution, gas distribution or other public service businesses which
12 furnish water, gas or any other commodity in the performance of public
13 service businesses;

14 (3) Amounts actually paid by a taxpayer to another person taxable
15 under this chapter as the latter's portion of the consideration due for
16 services furnished jointly by both, if the total amount has been
17 credited to and appears in the gross income reported for tax by the
18 former;

19 (4) The amount of cash discount actually taken by the purchaser or
20 customer;

21 (5) The amount of bad debts, as that term is used in 26 U.S.C. Sec.
22 166, as amended or renumbered as of January 1, 2003, on which tax was
23 previously paid under this chapter;

24 (6) Amounts derived from business which the state is prohibited
25 from taxing under the Constitution of this state or the Constitution or
26 laws of the United States;

27 (7) Amounts derived from the distribution of water through an
28 irrigation system, for (~~(irrigation)~~) agricultural purposes;

29 (8) Amounts derived from the transportation of commodities from
30 points of origin in this state to final destination outside this state,
31 or from points of origin outside this state to final destination in
32 this state, with respect to which the carrier grants to the shipper the
33 privilege of stopping the shipment in transit at some point in this
34 state for the purpose of storing, manufacturing, milling, or other
35 processing, and thereafter forwards the same commodity, or its
36 equivalent, in the same or converted form, under a through freight rate
37 from point of origin to final destination;

1 (9) Amounts derived from the transportation of commodities from
2 points of origin in the state to an export elevator, wharf, dock or
3 ship side on tidewater or its navigable tributaries to be forwarded,
4 without intervening transportation, by vessel, in their original form,
5 to interstate or foreign destinations. No deduction is allowed under
6 this subsection when the point of origin and the point of delivery to
7 the export elevator, wharf, dock, or ship side are located within the
8 corporate limits of the same city or town;

9 (10) Amounts derived from the transportation of agricultural
10 commodities, not including manufactured substances or articles, from
11 points of origin in the state to interim storage facilities in this
12 state for transshipment, without intervening transportation, to an
13 export elevator, wharf, dock, or ship side on tidewater or its
14 navigable tributaries to be forwarded, without intervening
15 transportation, by vessel, in their original form, to interstate or
16 foreign destinations. If agricultural commodities are transshipped
17 from interim storage facilities in this state to storage facilities at
18 a port on tidewater or its navigable tributaries, the same agricultural
19 commodity dealer must operate both the interim storage facilities and
20 the storage facilities at the port.

21 (a) The deduction under this subsection is available only when the
22 person claiming the deduction obtains a certificate from the
23 agricultural commodity dealer operating the interim storage facilities,
24 in a form and manner prescribed by the department, certifying that:

25 (i) More than ninety-six percent of all of the type of agricultural
26 commodity delivered by the person claiming the deduction under this
27 subsection and delivered by all other persons to the dealer's interim
28 storage facilities during the preceding calendar year was shipped by
29 vessel in original form to interstate or foreign destinations; and

30 (ii) Any of the agricultural commodity that is transshipped to
31 ports on tidewater or its navigable tributaries will be received at
32 storage facilities operated by the same agricultural commodity dealer
33 and will be shipped from such facilities, without intervening
34 transportation, by vessel, in their original form, to interstate or
35 foreign destinations.

36 (b) As used in this subsection, "agricultural commodity" has the
37 same meaning as agricultural product in RCW 82.04.213;

1 (11) Amounts derived from the production, sale, or transfer of
2 electrical energy for resale within or outside the state or for
3 consumption outside the state;

4 (12) Amounts derived from the distribution of water by a nonprofit
5 water association and used for capital improvements by that nonprofit
6 water association;

7 (13) Amounts paid by a sewerage collection business taxable under
8 RCW 82.16.020(1)(a) to a person taxable under chapter 82.04 RCW for the
9 treatment or disposal of sewage;

10 (14) Amounts derived from fees or charges imposed on persons for
11 transit services provided by a public transportation agency. For the
12 purposes of this subsection, "public transportation agency" means a
13 municipality, as defined in RCW 35.58.272, and urban public
14 transportation systems, as defined in RCW 47.04.082. Public
15 transportation agencies shall spend an amount equal to the reduction in
16 tax provided by this tax deduction solely to adjust routes to improve
17 access for citizens using food banks and senior citizen services or to
18 extend or add new routes to assist low-income citizens and seniors.

19 **Part VIII**

20 **Fraternal Benefit Societies**

21 **Sec. 801.** RCW 48.36A.240 and 1987 c 366 s 24 are each amended to
22 read as follows:

23 Every society organized or licensed under this chapter that is
24 organized as a nonprofit organization, corporation, or association and
25 serves low-income communities is hereby declared to be a charitable and
26 benevolent institution, and all of its funds (~~shall be~~) is exempt
27 from all and every state, county, district, municipal, and school tax,
28 other than taxes on real estate and office equipment.

29 **Part IX**

30 **Tax Exemption Repeals**

31 NEW SECTION. **Sec. 901.** The following acts or parts of acts are
32 each repealed:

33 (1) RCW 82.04.350 (Exemptions--Racing) and 2005 c 369 s 7 & 1961 c
34 15 s 82.04.350;

1 (2) RCW 82.08.0257 (Exemptions--Auction sales of personal property
2 used in farming) and 2009 c 535 s 511 & 1980 c 37 s 25;

3 (3) RCW 84.36.130 (Airport property in this state for smaller
4 airports belonging to municipalities of adjoining states) and 1998 c
5 201 s 1 1961 c 15 s 84.36.130; and

6 (4) RCW 82.04.4289 (Exemption--Compensation for patient services or
7 attendant sales of drugs dispensed pursuant to prescription by certain
8 nonprofit organizations) and 2003 c 168 s 402, 1998 c 325 s 1, 1993 c
9 492 s 305, 1981 c 178 s 2, & 1980 c 37 s 10.

10 **Part X**

11 **Miscellaneous Provisions**

12 **Sec. 1001.** RCW 82.32.790 and 2010 c 114 s 201 and 2010 c 106 s 401
13 are each reenacted and amended to read as follows:

14 (1)(a) Section 202, chapter . . . , Laws of 2011 (section 202 of
15 this act), section 206, chapter 106, Laws of 2010, sections 104, 110,
16 117, 123, 125, 129, 131, and 150, chapter 114, Laws of 2010, section 3,
17 chapter 461, Laws of 2009, section 7, chapter 300, Laws of 2006, and
18 section 4, chapter 149, Laws of 2003 are contingent upon the siting and
19 commercial operation of a significant semiconductor microchip
20 fabrication facility in the state of Washington.

21 (b) For the purposes of this section:

22 (i) "Commercial operation" means the same as "commencement of
23 commercial production" as used in RCW 82.08.965.

24 (ii) "Semiconductor microchip fabrication" means "manufacturing
25 semiconductor microchips" as defined in RCW 82.04.426.

26 (iii) "Significant" means the combined investment of new buildings
27 and new machinery and equipment in the buildings, at the commencement
28 of commercial production, will be at least one billion dollars.

29 (2) Chapter 149, Laws of 2003 takes effect the first day of the
30 month in which a contract for the construction of a significant
31 semiconductor fabrication facility is signed, as determined by the
32 director of the department of revenue.

33 (3)(a) The department of revenue must provide notice of the
34 effective date of sections 104, 110, 117, 123, 125, 129, 131, and 150,
35 chapter 114, Laws of 2010(~~(+)~~), section 3, chapter 461, Laws of 2009,

1 section 7, chapter 300, Laws of 2006, and section 4, chapter 149, Laws
2 of 2003 to affected taxpayers, the legislature, and others as deemed
3 appropriate by the department.

4 (b) If, after making a determination that a contract has been
5 signed and chapter 149, Laws of 2003 is effective, the department
6 discovers that commencement of commercial production did not take place
7 within three years of the date the contract was signed, the department
8 must make a determination that chapter 149, Laws of 2003 is no longer
9 effective, and all taxes that would have been otherwise due are deemed
10 deferred taxes and are immediately assessed and payable from any person
11 reporting tax under RCW 82.04.240(2) or claiming an exemption or credit
12 under section 2 or 5 through 10, chapter 149, Laws of 2003. The
13 department is not authorized to make a second determination regarding
14 the effective date of chapter 149, Laws of 2003.

15 NEW SECTION. **Sec. 1002.** Section 201 of this act expires on the
16 date that section 202 of this act takes effect.

17 NEW SECTION. **Sec. 1003.** Section 202 of this act takes effect if
18 the contingency in section 1001 of this act occurs.

19 NEW SECTION. **Sec. 1004.** Section 203 of this act is necessary for
20 the immediate preservation of the public peace, health, or safety, or
21 support of the state government and its existing public institutions,
22 and takes effect July 1, 2011.

23 NEW SECTION. **Sec. 1005.** Sections 501 and 503 of this act expire
24 June 30, 2013.

25 NEW SECTION. **Sec. 1006.** Sections 502 and 504 of this act take
26 effect June 30, 2013.

27 NEW SECTION. **Sec. 1007.** Except for sections 202, 203, 502, and
28 504 of this act, this act takes effect January 1, 2013.

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