
HOUSE BILL 2529

State of Washington 62nd Legislature 2012 Regular Session

By Representatives Carlyle, Appleton, Fitzgibbon, Reykdal, Lytton, Hunt, Dickerson, Finn, Hansen, and Pollet

Read first time 01/17/12. Referred to Committee on Ways & Means.

1 AN ACT Relating to tax expenditure reform to provide transparency
2 and accountability in fiscal matters; amending RCW 82.04.050,
3 82.04.062, 82.08.010, 82.12.0251, 82.34.015, 82.66.020, 82.04.257,
4 82.04.110, 82.04.120, 82.04.260, 82.04.280, 82.04.280, 82.04.290,
5 82.04.360, 82.62.020, 82.73.020, 82.04.310, and 82.04.310; reenacting
6 and amending RCW 82.12.010 and 82.04.250; repealing RCW 47.01.412,
7 82.08.0203, 82.08.02525, 82.08.02535, 82.08.0256, 82.08.02569,
8 82.08.02573, 82.08.0271, 82.08.0275, 82.08.0278, 82.08.0285,
9 82.08.0287, 82.08.02875, 82.08.0291, 82.08.031, 82.08.830, 82.08.834,
10 82.08.870, 82.12.02525, 82.12.0257, 82.12.02569, 82.12.930, 82.12.0269,
11 82.12.0274, 82.12.0279, 82.12.0282, 82.12.02917, 82.12.031, 82.12.834,
12 82.12.845, 82.12.02595, 82.12.0264, 82.12.0284, 82.08.995, 82.08.999,
13 82.12.999, 82.08.02081, 82.08.02087, 82.08.02565, 82.08.02566,
14 82.08.02568, 82.08.0257, 82.08.0259, 82.08.0267, 82.08.0272,
15 82.08.0274, 82.08.02745, 82.08.0277, 82.08.0288, 82.08.0294,
16 82.08.0296, 82.08.0298, 82.08.0311, 82.08.0315, 82.08.036, 82.08.806,
17 82.08.807, 82.08.810, 82.08.811, 82.08.820, 82.08.855, 82.08.865,
18 82.08.880, 82.08.890, 82.08.900, 82.08.910, 82.08.920, 82.08.990,
19 82.12.02081, 82.12.02087, 82.12.02565, 82.12.02566, 82.12.02568,
20 82.12.0258, 82.12.0261, 82.12.0254, 82.12.0262, 82.12.0267, 82.12.0268,
21 82.12.02685, 82.12.0273, 82.12.0283, 82.12.0294, 82.12.0296,

1 82.12.0298, 82.12.0311, 82.12.0315, 82.12.038, 82.12.037, 82.12.806,
2 82.12.807, 82.12.810, 82.12.811, 82.12.820, 82.12.855, 82.12.865,
3 82.12.880, 82.12.890, 82.12.900, 82.12.910, 82.12.920, 82.12.024,
4 82.12.0263, 82.12.0272, 82.12.800, 82.12.801, 82.12.802, 82.12.860,
5 82.66.040, 82.08.850, 82.12.850, 82.12.02085, 82.04.627, 82.08.0282,
6 82.08.0261, 82.08.0262, 82.08.0263, 82.08.0264, 82.08.0265, 82.08.0266,
7 82.08.02665, 82.08.0268, 82.08.0269, 82.08.0273, 82.08.0279, 82.08.700,
8 82.12.700, 82.12.0266, 82.12.0265, 82.12.955, 82.08.955, 82.08.0253,
9 82.08.02537, 82.08.0289, 82.08.0293, 82.08.0316, 82.08.832, 82.12.0345,
10 82.12.0347, 82.12.0256, 82.12.0293, 82.12.0316, 82.12.832, 82.12.035,
11 82.08.0205, 82.08.02082, 82.08.0255, 82.08.0206, 82.08.9995,
12 82.12.9995, 82.08.0258, 82.08.02795, 82.08.02805, 82.08.02806,
13 82.08.02807, 82.08.0281, 82.08.0283, 82.08.02915, 82.08.0299,
14 82.08.803, 82.08.804, 82.08.808, 82.08.925, 82.08.935, 82.08.940,
15 82.08.945, 82.08.985, 82.08.997, 82.08.998, 82.12.0259, 82.12.02745,
16 82.12.02747, 82.12.02748, 82.12.02749, 82.12.0275, 82.12.0277,
17 82.12.02915, 82.12.803, 82.12.804, 82.12.808, 82.12.925, 82.12.935,
18 82.12.940, 82.12.945, 82.12.985, 82.12.998, 82.04.339, 82.04.3395,
19 82.04.363, 82.04.3651, 82.04.367, 82.04.368, 82.04.370, 82.04.380,
20 82.04.385, 82.04.395, 82.04.397, 82.04.399, 82.04.408, 82.04.415,
21 82.04.418, 82.04.419, 82.04.4201, 82.04.4251, 82.04.4282, 82.04.4291,
22 82.04.4293, 82.04.432, 82.04.4322, 82.04.4324, 82.04.4326, 82.04.4327,
23 82.04.4332, 82.04.434, 82.04.600, 82.04.610, 82.04.615, 82.04.335,
24 82.04.338, 82.04.4271, 82.04.640, 82.04.4275, 82.04.655, 82.04.2907,
25 82.04.298, 82.04.315, 82.04.317, 82.04.330, 82.04.331, 82.04.332,
26 82.04.333, 82.04.334, 82.04.337, 82.04.392, 82.04.405, 82.04.416,
27 82.04.421, 82.04.422, 82.04.425, 82.04.426, 82.04.4261, 82.04.4262,
28 82.04.4267, 82.04.4281, 82.04.4287, 82.04.4292, 82.04.4294, 82.04.4295,
29 82.04.4296, 82.04.433, 82.04.4333, 82.04.4339, 82.04.4451, 82.04.44525,
30 82.04.447, 82.04.4482, 82.04.4486, 82.04.601, 82.62.030, 82.04.2403,
31 82.04.255, 82.04.340, 82.04.424, 82.04.4272, 82.04.4285, 82.04.43391,
32 82.04.540, 82.04.645, 82.04.650, 82.04.410, 82.04.263, 82.04.4334,
33 82.04.750, 82.04.2905, 82.04.4298, 82.04.272, 82.04.2906, 82.04.2908,
34 82.04.324, 82.04.326, 82.04.327, 82.04.355, 82.04.4263, 82.04.4264,
35 82.04.4265, 82.04.4289, 82.04.4297, 82.04.4311, 82.04.4337, 82.04.620,
36 and 82.04.635; creating a new section; providing effective dates;
37 providing a contingent effective date; providing an expiration date;
38 and providing a contingent expiration date.

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

2 NEW SECTION. **Sec. 1.** (1) The legislature finds that to
3 effectively fulfill its role as a financial steward of state tax
4 dollars, the legislature must allow all nonconstitutionally required
5 tax expenditures to periodically expire. The state must also take
6 proactive measures to continue tax expenditures that prove beneficial
7 to the state according to objective, rigorous, financially based
8 return-on-investment standards. Requiring all tax expenditures to have
9 a periodic expiration date allows those tax expenditures that are out-
10 of-date, or failing to deliver the promised benefits or a measurable
11 return on investment, or otherwise failing to garner widespread support
12 for their continuance, to expire while preserving those that are
13 providing real, demonstrable value for taxpayers and the state. The
14 legislature seeks to be philosophically consistent by requiring all
15 exemptions, modifications, and preferential rates, regardless of the
16 size or length of previous existence, to face an expiration date.

17 (2) The legislature therefore intends to expire all
18 nonconstitutionally required tax expenditures that are not already
19 subject to expiration by June 30, 2020.

20 **PART I**
21 **Repealing Sales and Use Tax Exemptions**

22 NEW SECTION. **Sec. 101.** The following acts or parts of acts, as
23 now existing or hereafter amended, are each repealed, effective July 1,
24 2015:

- 25 (1) RCW 47.01.412 (State route No. 520 improvements--Tax
26 deferrals--Definition) and 2008 c 270 s 7;
- 27 (2) RCW 82.08.0203 (Exemptions--Trail grooming services) and 2008
28 c 260 s 1;
- 29 (3) RCW 82.08.02525 (Exemptions--Sale of copied public records by
30 state and local agencies) and 2011 c 60 s 49, 2009 c 535 s 505, & 1996
31 c 63 s 1;
- 32 (4) RCW 82.08.02535 (Exemptions--Sales and distribution of
33 magazines or periodicals by subscription for fund-raising) and 2009 c
34 535 s 507 & 1995 2nd sp.s. c 8 s 1;

1 (5) RCW 82.08.0256 (Exemptions--Sale of the operating property of
2 a public utility to the state or a political subdivision) and 2010 c
3 106 s 213, 2009 c 535 s 509, & 1980 c 37 s 24;

4 (6) RCW 82.08.02569 (Exemptions--Sales of tangible personal
5 property related to a building or structure that is an integral part of
6 a laser interferometer gravitational wave observatory) and 1996 c 113
7 s 1;

8 (7) RCW 82.08.02573 (Exemptions--Sales by a nonprofit organization
9 for fund-raising activities) and 2010 c 106 s 214 & 1998 c 336 s 3;

10 (8) RCW 82.08.0271 (Exemptions--Sales to municipal corporations,
11 the state, and political subdivisions of tangible personal property,
12 labor and services on watershed protection and flood prevention
13 contracts) and 1980 c 37 s 37;

14 (9) RCW 82.08.0275 (Exemptions--Sales of and labor and service
15 charges for mining, sorting, crushing, etc., of sand, gravel, and rock
16 from county or city quarry for public road purposes) and 1980 c 37 s
17 41;

18 (10) RCW 82.08.0278 (Exemptions--Sales between political
19 subdivisions resulting from annexation or incorporation) and 1980 c 37
20 s 44;

21 (11) RCW 82.08.0285 (Exemptions--Sales of ferry vessels to the
22 state or local governmental units--Components thereof--Labor and
23 service charges) and 1980 c 37 s 50;

24 (12) RCW 82.08.0287 (Exemptions--Sales of passenger motor vehicles
25 as ride-sharing vehicles) and 2001 c 320 s 4, 1996 c 244 s 4, 1995 c
26 274 s 2, 1993 c 488 s 2, & 1980 c 166 s 1;

27 (13) RCW 82.08.02875 (Exemptions--Vehicle parking charges subject
28 to tax at stadium and exhibition center) and 1997 c 220 s 203;

29 (14) RCW 82.08.0291 (Exemptions--Sales of amusement and recreation
30 services or personal services by nonprofit youth organization--Local
31 government physical fitness classes) and 2000 c 103 s 8, 1994 c 85 s 1,
32 & 1981 c 74 s 2;

33 (15) RCW 82.08.031 (Exemptions--Sales to artistic or cultural
34 organizations of certain objects acquired for exhibition or
35 presentation) and 1981 c 140 s 4;

36 (16) RCW 82.08.830 (Exemptions--Sales at camp or conference center
37 by nonprofit organization) and 1997 c 388 s 2;

1 (17) RCW 82.08.834 (Exemptions--Sales/leasebacks by regional
2 transit authorities) and 2000 2nd sp.s. c 4 s 21;

3 (18) RCW 82.08.870 (Exemptions--Motorcycles for training programs)
4 and 2001 c 285 s 2;

5 (19) RCW 82.12.02525 (Exemptions--Sale of copied public records by
6 state and local agencies) and 2011 c 60 s 50, 2009 c 535 s 609, & 1996
7 c 63 s 2;

8 (20) RCW 82.12.0257 (Exemptions--Use of personal property of the
9 operating property of a public utility by state or political
10 subdivision) and 2010 c 106 s 220, 2009 c 535 s 611, & 1980 c 37 s 57;

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

14 (22) RCW 82.12.930 (Exemptions--Watershed protection or flood
15 prevention) and 2003 c 5 s 17;

16 (23) RCW 82.12.0269 (Exemptions--Use of sand, gravel, or rock to
17 extent of labor and service charges for mining, sorting, crushing,
18 etc., thereof from county or city quarry for public road purposes) and
19 1980 c 37 s 68;

20 (24) RCW 82.12.0274 (Exemptions--Use of tangible personal property
21 by political subdivision resulting from annexation or incorporation)
22 and 1980 c 37 s 72;

23 (25) RCW 82.12.0279 (Exemptions--Use of ferry vessels by the state
24 or local governmental units--Components thereof) and 2003 c 5 s 9 &
25 1980 c 37 s 77;

26 (26) RCW 82.12.0282 (Exemptions--Use of vans as ride-sharing
27 vehicles) and 2001 c 320 s 5, 1999 c 358 s 11, 1996 c 88 s 4, 1993 c
28 488 s 4, & 1980 c 166 s 2;

29 (27) RCW 82.12.02917 (Exemptions--Use of amusement and recreation
30 services by nonprofit youth organization) and 1999 c 358 s 7;

31 (28) RCW 82.12.031 (Exemptions--Use by artistic or cultural
32 organizations of certain objects) and 1981 c 140 s 5;

33 (29) RCW 82.12.834 (Exemptions--Sales/leasebacks by regional
34 transit authorities) and 2001 c 320 s 6 & 2000 2nd sp.s. c 4 s 22;

35 (30) RCW 82.12.845 (Use of motorcycles loaned to department of
36 licensing) and 2001 c 121 s 1;

37 (31) RCW 82.12.02595 (Exemptions--Personal property and certain

1 services donated to nonprofit organization or governmental entity) and
2 2009 c 535 s 615, 2004 c 155 s 1, 2003 c 5 s 11, 1998 c 182 s 1, & 1995
3 c 201 s 1;

4 (32) RCW 82.12.0264 (Exemptions--Use of dual-controlled motor
5 vehicles by school for driver training) and 1980 c 37 s 63;

6 (33) RCW 82.12.0284 (Exemptions--Use of computers or computer
7 components, accessories, software, digital goods, or digital codes
8 donated to schools or colleges) and 2009 c 535 s 617, 2007 c 54 s 15,
9 2003 c 168 s 603, & 1983 1st ex.s. c 55 s 7;

10 (34) RCW 82.08.995 (Exemptions--Certain limited purpose public
11 corporations, commissions, and authorities) and 2009 c 535 s 514 & 2007
12 c 381 s 2;

13 (35) RCW 82.08.999 (Exemptions--Joint municipal utility services
14 authorities) and 2011 c 258 s 12; and

15 (36) RCW 82.12.999 (Exemptions--Joint municipal utility services
16 authorities) and 2011 c 258 s 13.

17 NEW SECTION. **Sec. 102.** The following acts or parts of acts, as
18 now existing or hereafter amended, are each repealed, effective July 1,
19 2017:

20 (1) RCW 82.08.02081 (Exemptions--Audio or video programming) and
21 2009 c 535 s 502;

22 (2) RCW 82.08.02087 (Exemptions--Digital goods and services--
23 Purchased for business purposes) and 2010 c 111 s 402 & 2009 c 535 s
24 504;

25 (3) RCW 82.08.02565 (Exemptions--Sales of machinery and equipment
26 for manufacturing, research and development, or a testing operation--
27 Labor and services for installation--Exemption certificate--Rules) and
28 2011 c 23 s 2, 2009 c 535 s 510, 1999 c 211 s 5, 1999 c 211 s 3, & 1998
29 c 330 s 1;

30 (4) RCW 82.08.02566 (Exemptions--Sales of tangible personal
31 property incorporated in prototype for parts, auxiliary equipment, and
32 aircraft modification--Limitations on yearly exemption) and 2003 c 168
33 s 208, 1997 c 302 s 1, & 1996 c 247 s 4;

34 (5) RCW 82.08.02568 (Exemptions--Sales of carbon and similar
35 substances that become an ingredient or component of anodes or cathodes
36 used in producing aluminum for sale) and 1996 c 170 s 1;

1 (6) 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 (7) RCW 82.08.0259 (Exemptions--Sales of livestock) and 2001 c 118
4 s 4 & 1980 c 37 s 27;
5 (8) RCW 82.08.0267 (Exemptions--Sales of poultry for producing
6 poultry and poultry products for sale) and 1980 c 37 s 34;
7 (9) RCW 82.08.0272 (Exemptions--Sales of semen for artificial
8 insemination of livestock) and 1980 c 37 s 38;
9 (10) RCW 82.08.0274 (Exemptions--Sales of form lumber to person
10 engaged in constructing, repairing, etc., structures for consumers) and
11 1980 c 37 s 40;
12 (11) RCW 82.08.02745 (Exemptions--Charges for labor and services or
13 sales of tangible personal property related to agricultural employee
14 housing--Exemption certificate--Rules) and 2007 c 54 s 14, 1997 c 438
15 s 1, & 1996 c 117 s 1;
16 (12) RCW 82.08.0277 (Exemptions--Sales of pollen) and 1980 c 37 s
17 43;
18 (13) RCW 82.08.0288 (Exemptions--Lease of certain irrigation
19 equipment) and 1983 1st ex.s. c 55 s 5;
20 (14) RCW 82.08.0294 (Exemptions--Sales of feed for cultivating or
21 raising fish for sale) and 1985 c 148 s 3;
22 (15) RCW 82.08.0296 (Exemptions--Sales of feed consumed by
23 livestock at a public livestock market) and 1986 c 265 s 1;
24 (16) RCW 82.08.0298 (Exemptions--Sales of diesel fuel for use in
25 operating watercraft in commercial deep sea fishing or commercial
26 passenger fishing boat operations outside the state) and 1987 c 494 s
27 1;
28 (17) RCW 82.08.0311 (Exemptions--Sales of materials and supplies
29 used in packing horticultural products) and 1988 c 68 s 1;
30 (18) RCW 82.08.0315 (Exemptions--Rentals or sales related to motion
31 picture or video productions--Exceptions--Certificate) and 1997 c 61 s
32 1 & 1995 2nd sp.s. c 5 s 1;
33 (19) RCW 82.08.036 (Exemptions--Vehicle battery core deposits or
34 credits--Replacement vehicle tire fees--"Core deposits or credits"
35 defined) and 1989 c 431 s 45;
36 (20) RCW 82.08.806 (Exemptions--Sale of computer equipment parts
37 and services to printer or publisher) and 2011 c 174 s 204, 2010 1st
38 sp.s. c 23 s 516, 2009 c 461 s 5, & 2004 c 8 s 2;

1 (21) RCW 82.08.807 (Exemptions--Direct mail delivery charges) and
2 2005 c 514 s 115;

3 (22) RCW 82.08.810 (Exemptions--Air pollution control facilities at
4 a thermal electric generation facility--Exceptions--Exemption
5 certificate--Payments on cessation of operation) and 1997 c 368 s 2;

6 (23) RCW 82.08.811 (Exemptions--Coal used at coal-fired thermal
7 electric generation facility--Application--Demonstration of progress in
8 air pollution control--Notice of emissions violations--Reapplication--
9 Payments on cessation of operation) and 1997 c 368 s 4;

10 (24) RCW 82.08.820 (Exemptions--Remittance--Warehouse and grain
11 elevators and distribution centers--Material-handling and racking
12 equipment--Construction of warehouse or elevator--Information sheet--
13 Rules--Records--Exceptions) and 2011 c 174 s 206, 2006 c 354 s 12, 2005
14 c 513 s 11, & 1997 c 450 s 2;

15 (25) RCW 82.08.855 (Exemptions--Replacement parts for qualifying
16 farm machinery and equipment) and 2007 c 332 s 1 & 2006 c 172 s 1;

17 (26) RCW 82.08.865 (Exemptions--Diesel, biodiesel, and aircraft
18 fuel for farm fuel users) and 2010 c 106 s 218, 2007 c 443 s 1, & 2006
19 c 7 s 1;

20 (27) RCW 82.08.880 (Exemptions--Animal pharmaceuticals) and 2001
21 2nd sp.s. c 17 s 1;

22 (28) RCW 82.08.890 (Exemptions--Qualifying livestock nutrient
23 management equipment and facilities) and 2010 1st sp.s. c 23 s 601,
24 2009 c 469 s 601, 2006 c 151 s 2, & 2001 2nd sp.s. c 18 s 2;

25 (29) RCW 82.08.900 (Exemptions--Anaerobic digesters) and 2006 c 151
26 s 4 & 2001 2nd sp.s. c 18 s 4;

27 (30) RCW 82.08.910 (Exemptions--Propane or natural gas to heat
28 chicken structures) and 2001 2nd sp.s. c 25 s 3;

29 (31) RCW 82.08.920 (Exemptions--Chicken bedding materials) and 2001
30 2nd sp.s. c 25 s 5;

31 (32) RCW 82.08.990 (Exemptions--Import or export commerce) and 2007
32 c 477 s 3;

33 (33) RCW 82.12.02081 (Exemptions--Audio or video programming) and
34 2009 c 535 s 602;

35 (34) RCW 82.12.02087 (Exemptions--Digital goods, codes, and
36 services--Used for business purposes) and 2010 c 111 s 502 & 2009 c 535
37 s 607;

- 1 (35) RCW 82.12.02565 (Exemptions--Machinery and equipment used for
2 manufacturing, research and development, or a testing operation) and
3 2003 c 5 s 5, 1999 c 211 s 6, 1998 c 330 s 2, 1996 c 247 s 3, & 1995
4 1st sp.s. c 3 s 3;
- 5 (36) RCW 82.12.02566 (Exemptions--Use of tangible personal property
6 incorporated in prototype for aircraft parts, auxiliary equipment, and
7 aircraft modification--Limitations on yearly exemption) and 2003 c 168
8 s 209, 1997 c 302 s 2, & 1996 c 247 s 5;
- 9 (37) RCW 82.12.02568 (Exemptions--Use of carbon and similar
10 substances that become an ingredient or component of anodes or cathodes
11 used in producing aluminum for sale) and 1996 c 170 s 2;
- 12 (38) RCW 82.12.0258 (Exemptions--Use of personal property
13 previously used in farming and purchased from farmer at auction) and
14 2009 c 535 s 612 & 1980 c 37 s 58;
- 15 (39) RCW 82.12.0261 (Exemptions--Use of livestock) and 2001 c 118
16 s 5 & 1980 c 37 s 60;
- 17 (40) RCW 82.12.0254 (Exemptions--Use of airplanes, locomotives,
18 railroad cars, or watercraft used in interstate or foreign commerce or
19 outside state's territorial waters--Components--Use of vehicles in the
20 transportation of persons or property across state boundaries--
21 Conditions--Use of vehicle under trip permit to point outside state)
22 and 2010 c 161 s 905, 2009 c 503 s 2, 2003 c 5 s 3, 1998 c 311 s 7,
23 1995 c 63 s 2, & 1980 c 37 s 54;
- 24 (41) RCW 82.12.0262 (Exemptions--Use of poultry for producing
25 poultry and poultry products for sale) and 1980 c 37 s 61;
- 26 (42) RCW 82.12.0267 (Exemptions--Use of semen in artificial
27 insemination of livestock) and 1980 c 37 s 66;
- 28 (43) RCW 82.12.0268 (Exemptions--Use of form lumber by persons
29 engaged in constructing, repairing, etc., structures for consumers) and
30 1980 c 37 s 67;
- 31 (44) RCW 82.12.02685 (Exemptions--Use of tangible personal property
32 related to agricultural employee housing) and 1997 c 438 s 2 & 1996 c
33 117 s 2;
- 34 (45) RCW 82.12.0273 (Exemptions--Use of pollen) and 1980 c 37 s 71;
- 35 (46) RCW 82.12.0283 (Exemptions--Use of certain irrigation
36 equipment) and 1983 1st ex.s. c 55 s 6;
- 37 (47) RCW 82.12.0294 (Exemptions--Use of feed for cultivating or
38 raising fish for sale) and 1985 c 148 s 4;

1 (48) RCW 82.12.0296 (Exemptions--Use of feed consumed by livestock
2 at a public livestock market) and 1986 c 265 s 2;
3 (49) RCW 82.12.0298 (Exemptions--Use of diesel fuel in operating
4 watercraft in commercial deep sea fishing or commercial passenger
5 fishing boat operations outside the state) and 1987 c 494 s 2;
6 (50) RCW 82.12.0311 (Exemptions--Use of materials and supplies in
7 packing horticultural products) and 1988 c 68 s 2;
8 (51) RCW 82.12.0315 (Exemptions--Rental or sales related to motion
9 picture or video productions--Exceptions) and 2009 c 535 s 614, 2003 c
10 5 s 10, & 1995 2nd sp.s. c 5 s 2;
11 (52) RCW 82.12.038 (Exemptions--Vehicle battery core deposits or
12 credits--Replacement vehicle tire fees--"Core deposits or credits"
13 defined) and 1989 c 431 s 46;
14 (53) RCW 82.12.037 (Credits and refunds--Bad debts) and 2010 1st
15 sp.s. c 23 s 1503, 2007 c 6 s 103, 2004 c 153 s 304, & 1982 1st ex.s.
16 c 35 s 36;
17 (54) RCW 82.12.806 (Exemptions--Use of computer equipment parts and
18 services by printer or publisher) and 2004 c 8 s 3;
19 (55) RCW 82.12.807 (Exemptions--Direct mail delivery charges) and
20 2005 c 514 s 116;
21 (56) RCW 82.12.810 (Exemptions--Air pollution control facilities at
22 a thermal electric generation facility--Exceptions--Payments on
23 cessation of operation) and 2003 c 5 s 12 & 1997 c 368 s 3;
24 (57) RCW 82.12.811 (Exemptions--Coal used at coal-fired thermal
25 electric generation facility--Application--Demonstration of progress in
26 air pollution control--Notice of emissions violations--Reapplication--
27 Payments on cessation of operation) and 1997 c 368 s 6;
28 (58) RCW 82.12.820 (Exemptions--Warehouse and grain elevators and
29 distribution centers) and 2006 c 354 s 13, 2005 c 513 s 12, 2003 c 5 s
30 13, 2000 c 103 s 9, & 1997 c 450 s 3;
31 (59) RCW 82.12.855 (Exemptions--Replacement parts for qualifying
32 farm machinery and equipment) and 2007 c 332 s 2 & 2006 c 172 s 2;
33 (60) RCW 82.12.865 (Exemptions--Diesel, biodiesel, and aircraft
34 fuel for farm fuel users) and 2010 c 106 s 222, 2007 c 443 s 2, & 2006
35 c 7 s 2;
36 (61) RCW 82.12.880 (Exemptions--Animal pharmaceuticals) and 2001
37 2nd sp.s. c 17 s 2;

1 (62) RCW 82.12.890 (Exemptions--Livestock nutrient management
2 equipment and facilities) and 2010 1st sp.s. c 23 s 602, 2009 c 469 s
3 602, 2006 c 151 s 3, 2003 c 5 s 15, & 2001 2nd sp.s. c 18 s 3;

4 (63) RCW 82.12.900 (Exemptions--Anaerobic digesters) and 2006 c 151
5 s 5, 2003 c 5 s 16, & 2001 2nd sp.s. c 18 s 5;

6 (64) RCW 82.12.910 (Exemptions--Propane or natural gas to heat
7 chicken structures) and 2001 2nd sp.s. c 25 s 4;

8 (65) RCW 82.12.920 (Exemptions--Chicken bedding materials) and 2001
9 2nd sp.s. c 25 s 6;

10 (66) RCW 82.12.024 (Deferral of use tax on certain users of natural
11 or manufactured gas) and 2001 c 214 s 10;

12 (67) RCW 82.12.0263 (Exemptions--Use of fuel by extractor or
13 manufacturer thereof) and 1980 c 37 s 62;

14 (68) RCW 82.12.0272 (Exemptions--Use of personal property in single
15 trade shows) and 2009 c 535 s 616 & 1980 c 37 s 70;

16 (69) RCW 82.12.800 (Exemptions--Uses of vessel, vessel's trailer by
17 manufacturer) and 2011 c 171 s 121 & 1997 c 293 s 1;

18 (70) RCW 82.12.801 (Exemptions--Uses of vessel, vessel's trailer by
19 dealer) and 2011 c 171 s 122 & 1997 c 293 s 2;

20 (71) RCW 82.12.802 (Vessels held in inventory by dealer or
21 manufacturer--Tax on personal use--Documentation--Rules) and 1997 c 293
22 s 3;

23 (72) RCW 82.12.860 (Exemptions--Property and services acquired from
24 a federal credit union) and 2009 c 535 s 621 & 2006 c 11 s 1;

25 (73) RCW 82.66.040 (Repayment schedule--Interest, penalties) and
26 1998 c 339 s 1 & 1995 c 352 s 4;

27 (74) RCW 82.08.850 (Exemptions--Conifer seed) and 2001 c 129 s 2;

28 (75) RCW 82.12.850 (Exemptions--Conifer seed) and 2001 c 129 s 3;

29 (76) RCW 82.12.02085 (Exemptions--Digital goods--Noncommercial--
30 Internal audience--Not for sale) and 2009 c 535 s 605;

31 (77) RCW 82.04.627 (Exemptions--Commercial airplane parts) and 2008
32 c 81 s 15;

33 (78) RCW 82.08.0282 (Exemptions--Sales of returnable containers for
34 beverages and foods) and 1980 c 37 s 47;

35 (79) RCW 82.08.0261 (Exemptions--Sales of personal property for use
36 connected with private or common carriers in interstate or foreign
37 commerce) and 1980 c 37 s 28;

1 (80) RCW 82.08.0262 (Exemptions--Sales of airplanes, locomotives,
2 railroad cars, or watercraft for use in interstate or foreign commerce
3 or outside the territorial waters of the state or airplanes sold to
4 United States government--Components thereof and of motor vehicles or
5 trailers used for constructing, repairing, cleaning, etc.--Labor and
6 services for constructing, repairing, cleaning, etc.) and 2009 c 503 s
7 1, 1998 c 311 s 5, 1994 c 43 s 1, & 1980 c 37 s 29;

8 (81) RCW 82.08.0263 (Exemptions--Sales of motor vehicles and
9 trailers for use in transporting persons or property in interstate or
10 foreign commerce) and 1998 c 311 s 6, 1995 c 63 s 1, & 1980 c 37 s 30;

11 (82) RCW 82.08.0264 (Exemptions--Sales of motor vehicles, trailers,
12 or campers to nonresidents for use outside the state) and 2010 c 161 s
13 1165, 2007 c 135 s 1, & 1980 c 37 s 31;

14 (83) RCW 82.08.0265 (Exemptions--Sales to nonresidents of tangible
15 personal property which becomes a component of property of the
16 nonresident by installing, repairing, etc.--Labor and services for
17 installing, repairing, etc) and 1980 c 37 s 32;

18 (84) RCW 82.08.0266 (Exemptions--Sales of watercraft to
19 nonresidents for use outside the state) and 1999 c 358 s 5 & 1980 c 37
20 s 33;

21 (85) RCW 82.08.02665 (Exemptions--Sales of watercraft, vessels to
22 residents of foreign countries) and 1999 c 358 s 6 & 1993 c 119 s 1;

23 (86) RCW 82.08.0268 (Exemptions--Sales of machinery and implements,
24 and related parts and labor, for farming to nonresidents for use
25 outside the state) and 1998 c 167 s 1 & 1980 c 37 s 35;

26 (87) RCW 82.08.0269 (Exemptions--Sales for use in states,
27 territories, and possessions of the United States which are not
28 contiguous to any other state) and 1980 c 37 s 36;

29 (88) RCW 82.08.0273 (Exemptions--Sales to nonresidents of tangible
30 personal property, digital goods, and digital codes for use outside the
31 state--Proof of nonresident status--Penalties) and 2011 c 7 s 1, 2010
32 c 106 s 215, 2009 c 535 s 512, 2007 c 135 s 2, 2003 c 53 s 399, 1993 c
33 444 s 1, 1988 c 96 s 1, 1982 1st ex.s. c 5 s 1, & 1980 c 37 s 39;

34 (89) RCW 82.08.0279 (Exemptions--Renting or leasing of motor
35 vehicles and trailers to a nonresident for use in the transportation of
36 persons or property across state boundaries) and 1980 c 37 s 45;

37 (90) RCW 82.08.700 (Exemptions--Vessels sold to nonresidents) and
38 2010 c 106 s 219 & 2007 c 22 s 1;

1 (91) RCW 82.12.700 (Exemptions--Vessels sold to nonresidents) and
2 2007 c 22 s 2;

3 (92) RCW 82.12.0266 (Exemptions--Use by residents of motor vehicles
4 and trailers acquired and used while members of the armed services and
5 stationed outside the state) and 1980 c 37 s 65;

6 (93) RCW 82.12.0265 (Exemptions--Use by bailee of tangible personal
7 property consumed in research, development, etc., activities) and 1980
8 c 37 s 64;

9 (94) RCW 82.12.955 (Exemptions--Use of machinery, equipment,
10 vehicles, and services related to biodiesel or E85 motor fuel) and 2007
11 c 309 s 5 & 2003 c 63 s 3; and

12 (95) RCW 82.08.955 (Exemptions--Sales of machinery, equipment,
13 vehicles, and services related to biodiesel blend or E85 motor fuel)
14 and 2007 c 309 s 4 & 2003 c 63 s 2.

15 NEW SECTION. **Sec. 103.** The following acts or parts of acts, as
16 now existing or hereafter amended, are each repealed, effective July 1,
17 2019:

18 (1) RCW 82.08.0253 (Exemptions--Sale and distribution of
19 newspapers) and 2009 c 535 s 506 & 1980 c 37 s 21;

20 (2) RCW 82.08.02537 (Exemptions--Sales of academic transcripts) and
21 2009 c 535 s 508 & 1996 c 272 s 2;

22 (3) RCW 82.08.0289 (Exemptions--Telephone, telecommunications, and
23 ancillary services) and 2007 c 6 s 1006, 2007 c 6 s 1005, 2002 c 67 s
24 6, & 1983 2nd ex.s. c 3 s 30;

25 (4) RCW 82.08.0293 (Exemptions--Sales of food and food ingredients)
26 and 2011 c 2 s 301 (Initiative Measure No. 1107), 2010 1st sp.s. c 23
27 s 902, 2010 c 106 s 216, 2009 c 483 s 2, 2004 c 153 s 201, 2003 c 168
28 s 301, 1988 c 103 s 1, 1986 c 182 s 1, 1985 c 104 s 1, & 1982 1st ex.s.
29 c 35 s 33;

30 (5) RCW 82.08.0316 (Exemptions--Sales of cigarettes by Indian
31 retailers) and 2008 c 228 s 3, 2005 c 11 s 3, & 2001 c 235 s 4;

32 (6) RCW 82.08.832 (Exemptions--Sales of gun safes) and 1998 c 178
33 s 1;

34 (7) RCW 82.12.0345 (Exemptions--Use of newspapers) and 2009 c 535
35 s 618 & 1994 c 124 s 11;

36 (8) RCW 82.12.0347 (Exemptions--Use of academic transcripts) and
37 2009 c 535 s 619 & 1996 c 272 s 3;

1 (9) RCW 82.12.0256 (Exemptions--Use of motor vehicle and special
2 fuel--Conditions) and 2011 1st sp.s. c 16 s 5, 2007 c 223 s 10, 2005 c
3 443 s 6, & 1998 c 176 s 5;

4 (10) RCW 82.12.0293 (Exemptions--Use of food and food ingredients)
5 and 2011 c 2 s 303 (Initiative Measure No. 1107), 2010 1st sp.s. c 23
6 s 903, 2009 c 483 s 4, 2003 c 168 s 303, 1988 c 103 s 2, 1986 c 182 s
7 2, 1985 c 104 s 2, & 1982 1st ex.s. c 35 s 34;

8 (11) RCW 82.12.0316 (Exemptions--Sales of cigarettes by Indian
9 retailers) and 2008 c 228 s 4, 2005 c 11 s 4, & 2001 c 235 s 5;

10 (12) RCW 82.12.832 (Exemptions--Use of gun safes) and 1998 c 178 s
11 2;

12 (13) RCW 82.12.035 (Credit for retail sales or use taxes paid to
13 other jurisdictions with respect to property used) and 2009 c 535 s
14 1107, 2007 c 6 s 1203, 2005 c 514 s 108, 2002 c 367 s 5, 1996 c 148 s
15 6, 1987 c 27 s 2, & 1967 ex.s. c 89 s 5;

16 (14) RCW 82.08.0205 (Exemptions--Waste vegetable oil) and 2008 c
17 237 s 2;

18 (15) RCW 82.08.02082 (Exemptions--Digital products or services--
19 Ingredient or component--Made available for free) and 2010 c 111 s 401
20 & 2009 c 535 s 503;

21 (16) RCW 82.08.0255 (Exemptions--Sales of motor vehicle and special
22 fuel--Conditions--Credit or refund of special fuel used outside this
23 state in interstate commerce) and 2011 1st sp.s. c 16 s 4, 2007 c 223
24 s 9, 2005 c 443 s 5, & 1998 c 176 s 4;

25 (17) RCW 82.08.0206 (Exemptions--Working families--Eligible low-
26 income persons) and 2008 c 325 s 2;

27 (18) RCW 82.08.9995 (Exemptions--Restaurant employee meals) and
28 2011 c 55 s 2; and

29 (19) RCW 82.12.9995 (Exemptions--Restaurant employee meals) and
30 2011 c 55 s 3.

31 NEW SECTION. **Sec. 104.** The following acts or parts of acts, as
32 now existing or hereafter amended, are each repealed, effective July 1,
33 2021:

34 (1) RCW 82.08.0258 (Exemptions--Sales to federal corporations
35 providing aid and relief) and 1980 c 37 s 26;

36 (2) RCW 82.08.02795 (Exemptions--Sales to free hospitals) and 1993
37 c 205 s 1;

1 (3) RCW 82.08.02805 (Exemptions--Sales to qualifying blood, tissue,
2 or blood and tissue banks) and 2004 c 82 s 2 & 1995 2nd sp.s. c 9 s 4;
3 (4) RCW 82.08.02806 (Exemptions--Sales of human blood, tissue,
4 organs, bodies, or body parts for medical research and quality control
5 testing) and 1996 c 141 s 1;
6 (5) RCW 82.08.02807 (Exemptions--Sales to organ procurement
7 organization) and 2002 c 113 s 2;
8 (6) RCW 82.08.0281 (Exemptions--Sales of prescription drugs) and
9 2004 c 153 s 108, 2003 c 168 s 403, 1993 sp.s. c 25 s 308, & 1980 c 37
10 s 46;
11 (7) RCW 82.08.0283 (Exemptions--Certain medical items) and 2007 c
12 6 s 1101, 2004 c 153 s 101, 2003 c 168 s 409, 2001 c 75 s 1, 1998 c 168
13 s 2, 1997 c 224 s 1, 1996 c 162 s 1, 1991 c 250 s 2, 1986 c 255 s 1,
14 1980 c 86 s 1, & 1980 c 37 s 48;
15 (8) RCW 82.08.02915 (Exemptions--Sales used by health or social
16 welfare organizations for alternative housing for youth in crisis) and
17 1998 c 183 s 1, 1997 c 386 s 56, & 1995 c 346 s 1;
18 (9) RCW 82.08.0299 (Exemptions--Emergency lodging for homeless
19 persons--Conditions) and 1988 c 61 s 1;
20 (10) RCW 82.08.803 (Exemptions--Nebulizers) and 2007 c 6 s 1103 &
21 2004 c 153 s 104;
22 (11) RCW 82.08.804 (Exemptions--Ostomic items) and 2004 c 153 s
23 106;
24 (12) RCW 82.08.808 (Exemptions--Sales of medical supplies,
25 chemicals, or materials to comprehensive cancer centers) and 2005 c 514
26 s 402;
27 (13) RCW 82.08.925 (Exemptions--Dietary supplements) and 2003 c 168
28 s 302;
29 (14) RCW 82.08.935 (Exemptions--Disposable devices used to deliver
30 prescription drugs for human use) and 2003 c 168 s 404;
31 (15) RCW 82.08.940 (Exemptions--Over-the-counter drugs for human
32 use) and 2003 c 168 s 405;
33 (16) RCW 82.08.945 (Exemptions--Kidney dialysis devices) and 2004
34 c 153 s 110 & 2003 c 168 s 410;
35 (17) RCW 82.08.985 (Exemptions--Insulin) and 2004 c 153 s 102;
36 (18) RCW 82.08.997 (Exemptions--Temporary medical housing) and 2008
37 c 137 s 2;

1 (19) RCW 82.08.998 (Exemptions--Weatherization of a residence) and
2 2008 c 92 s 1;

3 (20) RCW 82.12.0259 (Exemptions--Use of personal property, digital
4 automated services, or certain other services by federal corporations
5 providing aid and relief) and 2009 c 535 s 613, 2003 c 5 s 7, & 1980 c
6 37 s 59;

7 (21) RCW 82.12.02745 (Exemptions--Use by free hospitals of certain
8 items) and 1993 c 205 s 2;

9 (22) RCW 82.12.02747 (Exemptions--Use of medical products by
10 qualifying blood, tissue, or blood and tissue banks) and 2004 c 82 s 3
11 & 1995 2nd sp.s. c 9 s 5;

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

15 (24) RCW 82.12.02749 (Exemptions--Use of medical supplies,
16 chemicals, or materials by organ procurement organization) and 2002 c
17 113 s 3;

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

21 (26) RCW 82.12.0277 (Exemptions--Certain medical items) and 2007 c
22 6 s 1102 & 2004 c 153 s 109;

23 (27) RCW 82.12.02915 (Exemptions--Use of items by health or social
24 welfare organizations for alternative housing for youth in crisis) and
25 1998 c 183 s 2, 1997 c 386 s 57, & 1995 c 346 s 2;

26 (28) RCW 82.12.803 (Exemptions--Nebulizers) and 2007 c 6 s 1104 &
27 2004 c 153 s 105;

28 (29) RCW 82.12.804 (Exemptions--Ostomic items) and 2004 c 153 s
29 107;

30 (30) RCW 82.12.808 (Exemptions--Use of medical supplies, chemicals,
31 or materials by comprehensive cancer centers) and 2005 c 514 s 403;

32 (31) RCW 82.12.925 (Exemptions--Dietary supplements) and 2003 c 168
33 s 304;

34 (32) RCW 82.12.935 (Exemptions--Disposable devices used to deliver
35 prescription drugs for human use) and 2003 c 168 s 407;

36 (33) RCW 82.12.940 (Exemptions--Over-the-counter drugs for human
37 use) and 2003 c 168 s 408;

1 (34) RCW 82.12.945 (Exemptions--Kidney dialysis devices) and 2004
2 c 153 s 111 & 2003 c 168 s 411;

3 (35) RCW 82.12.985 (Exemptions--Insulin) and 2004 c 153 s 103; and

4 (36) RCW 82.12.998 (Exemptions--Weatherization of a residence) and
5 2008 c 92 s 2.

6 **Sec. 105.** RCW 82.04.050 and 2011 c 174 s 202 are each amended to
7 read as follows:

8 (1)(a) "Sale at retail" or "retail sale" means every sale of
9 tangible personal property (including articles produced, fabricated, or
10 imprinted) to all persons irrespective of the nature of their business
11 and including, among others, without limiting the scope hereof, persons
12 who install, repair, clean, alter, improve, construct, or decorate real
13 or personal property of or for consumers other than a sale to a person
14 who:

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

19 (ii) Installs, repairs, cleans, alters, imprints, improves,
20 constructs, or decorates real or personal property of or for consumers,
21 if such tangible personal property becomes an ingredient or component
22 of such real or personal property without intervening use by such
23 person; or

24 (iii) Purchases for the purpose of consuming the property purchased
25 in producing for sale as a new article of tangible personal property or
26 substance, of which such property becomes an ingredient or component or
27 is a chemical used in processing, when the primary purpose of such
28 chemical is to create a chemical reaction directly through contact with
29 an ingredient of a new article being produced for sale; or

30 (iv) Until July 1, 2017, purchases for the purpose of consuming the
31 property purchased in producing ferrosilicon which is subsequently used
32 in producing magnesium for sale, if the primary purpose of such
33 property is to create a chemical reaction directly through contact with
34 an ingredient of ferrosilicon; or

35 (v) Purchases for the purpose of providing the property to
36 consumers as part of competitive telephone service, as defined in RCW
37 82.04.065; or

1 (vi) Purchases for the purpose of satisfying the person's
2 obligations under an extended warranty as defined in subsection (7) of
3 this section, if such tangible personal property replaces or becomes an
4 ingredient or component of property covered by the extended warranty
5 without intervening use by such person.

6 (b) The term includes every sale of tangible personal property that
7 is used or consumed or to be used or consumed in the performance of any
8 activity defined as a "sale at retail" or "retail sale" even though
9 such property is resold or used as provided in (a)(i) through (vi) of
10 this subsection following such use.

11 (c) The term also means every sale of tangible personal property to
12 persons engaged in any business that is taxable under RCW 82.04.280(1)
13 (a), (b), and (g), 82.04.290, and 82.04.2908.

14 (2) The term "sale at retail" or "retail sale" includes the sale of
15 or charge made for tangible personal property consumed and/or for labor
16 and services rendered in respect to the following:

17 (a) The installing, repairing, cleaning, altering, imprinting, or
18 improving of tangible personal property of or for consumers, including
19 charges made for the mere use of facilities in respect thereto, but
20 excluding, until July 1, 2019, charges made for the use of self-service
21 laundry facilities, and also excluding sales of laundry service to
22 nonprofit health care facilities, and excluding, until July 1, 2017,
23 services rendered in respect to live animals, birds and insects;

24 (b) The constructing, repairing, decorating, or improving of new or
25 existing buildings or other structures under, upon, or above real
26 property of or for consumers, including the installing or attaching of
27 any article of tangible personal property therein or thereto, whether
28 or not such personal property becomes a part of the realty by virtue of
29 installation, and also includes the sale of services or charges made
30 for the clearing of land and the moving of earth excepting the mere
31 leveling of land used in commercial farming or agriculture;

32 (c) The constructing, repairing, or improving of any structure
33 upon, above, or under any real property owned by an owner who conveys
34 the property by title, possession, or any other means to the person
35 performing such construction, repair, or improvement for the purpose of
36 performing such construction, repair, or improvement and the property
37 is then reconveyed by title, possession, or any other means to the
38 original owner;

1 (d) The cleaning, fumigating, razing, or moving of existing
2 buildings or structures, but does not include the charge made for
3 janitorial services; and for purposes of this section the term
4 "janitorial services" means those cleaning and caretaking services
5 ordinarily performed by commercial janitor service businesses
6 including, but not limited to, wall and window washing, floor cleaning
7 and waxing, and the cleaning in place of rugs, drapes and upholstery.
8 Until July 1, 2017, the term "janitorial services" does not include
9 painting, papering, repairing, furnace or septic tank cleaning, snow
10 removal or sandblasting;

11 (e) Automobile towing and similar automotive transportation
12 services, but not in respect to those required to report and pay taxes
13 under chapter 82.16 RCW;

14 (f) The furnishing of lodging and all other services by a hotel,
15 rooming house, tourist court, motel, trailer camp, and the granting of
16 any similar license to use real property, as distinguished from the
17 renting or leasing of real property, and it is presumed that the
18 occupancy of real property for a continuous period of one month or more
19 constitutes a rental or lease of real property and not a mere license
20 to use or enjoy the same. For the purposes of this subsection, it is
21 presumed that the sale of and charge made for the furnishing of lodging
22 for a continuous period of one month or more to a person is a rental or
23 lease of real property and not a mere license to enjoy the same;

24 (g) The installing, repairing, altering, or improving of digital
25 goods for consumers;

26 (h) Persons taxable under (a), (b), (c), (d), (e), (f), and (g) of
27 this subsection when such sales or charges are for property, labor and
28 services which are used or consumed in whole or in part by such persons
29 in the performance of any activity defined as a "sale at retail" or
30 "retail sale" even though such property, labor and services may be
31 resold after such use or consumption. Nothing contained in this
32 subsection may be construed to modify subsection (1) of this section
33 and nothing contained in subsection (1) of this section may be
34 construed to modify this subsection.

35 (3) The term "sale at retail" or "retail sale" includes the sale of
36 or charge made for personal, business, or professional services
37 including amounts designated as interest, rents, fees, admission, and

1 other service emoluments however designated, received by persons
2 engaging in the following business activities:

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

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

7 (c) Credit bureau services;

8 (d) Automobile parking and storage garage services;

9 (e) Landscape maintenance and horticultural services but excluding,
10 until July 1, 2017, (i) horticultural services provided to farmers and
11 (ii) pruning, trimming, repairing, removing, and clearing of trees and
12 brush near electric transmission or distribution lines or equipment, if
13 performed by or at the direction of an electric utility;

14 (f) Service charges associated with tickets to professional
15 sporting events; and

16 (g) The following personal services: Physical fitness services,
17 tanning salon services, tattoo parlor services, steam bath services,
18 turkish bath services, escort services, and dating services.

19 (4)(a) The term also includes the renting or leasing of tangible
20 personal property to consumers.

21 (b) The term does not include the renting or leasing of tangible
22 personal property where the lease or rental is for the purpose of
23 sublease or subrent.

24 (5) The term also includes the providing of "competitive telephone
25 service," "telecommunications service," or "ancillary services," as
26 those terms are defined in RCW 82.04.065, to consumers.

27 (6)(a)(i) The term also includes the sale of prewritten computer
28 software to a consumer, regardless of the method of delivery to the end
29 user. For purposes of this subsection (6)(a), the sale of prewritten
30 computer software includes the sale of or charge made for a key or an
31 enabling or activation code, where the key or code is required to
32 activate prewritten computer software and put the software into use.
33 There is no separate sale of the key or code from the prewritten
34 computer software, regardless of how the sale may be characterized by
35 the vendor or by the purchaser.

36 (ii) Until July 1, 2017, the term "retail sale" does not include
37 the sale of or charge made for:

38 ((+i)) (A) Custom software; or

1 (~~(ii)~~) (B) The customization of prewritten computer software.

2 (b)(i) The term also includes the charge made to consumers for the
3 right to access and use prewritten computer software, where possession
4 of the software is maintained by the seller or a third party,
5 regardless of whether the charge for the service is on a per use, per
6 user, per license, subscription, or some other basis.

7 (ii)(A) The service described in (b)(i) of this subsection (6)
8 includes the right to access and use prewritten computer software to
9 perform data processing.

10 (B) For purposes of this subsection (6)(b)(ii), "data processing"
11 means the systematic performance of operations on data to extract the
12 required information in an appropriate form or to convert the data to
13 usable information. Data processing includes check processing, image
14 processing, form processing, survey processing, payroll processing,
15 claim processing, and similar activities.

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

30 (8)(a) The term also includes the following sales to consumers of
31 digital goods, digital codes, and digital automated services:

32 (i) Sales in which the seller has granted the purchaser the right
33 of permanent use;

34 (ii) Sales in which the seller has granted the purchaser a right of
35 use that is less than permanent;

36 (iii) Sales in which the purchaser is not obligated to make
37 continued payment as a condition of the sale; and

1 (iv) Sales in which the purchaser is obligated to make continued
2 payment as a condition of the sale.

3 (b) A retail sale of digital goods, digital codes, or digital
4 automated services under this subsection (8) includes any services
5 provided by the seller exclusively in connection with the digital
6 goods, digital codes, or digital automated services, whether or not a
7 separate charge is made for such services.

8 (c) For purposes of this subsection, "permanent" means perpetual or
9 for an indefinite or unspecified length of time. A right of permanent
10 use is presumed to have been granted unless the agreement between the
11 seller and the purchaser specifies or the circumstances surrounding the
12 transaction suggest or indicate that the right to use terminates on the
13 occurrence of a condition subsequent.

14 (9) The term also includes the charge made for providing tangible
15 personal property along with an operator for a fixed or indeterminate
16 period of time. A consideration of this is that the operator is
17 necessary for the tangible personal property to perform as designed.
18 For the purpose of this subsection (9), an operator must do more than
19 maintain, inspect, or set up the tangible personal property.

20 (10)(a) Until July 1, 2015, the term does not include the sale of
21 or charge made for labor and services rendered in respect to the
22 building, repairing, or improving of any street, place, road, highway,
23 easement, right-of-way, mass public transportation terminal or parking
24 facility, bridge, tunnel, or trestle which is owned by a municipal
25 corporation or political subdivision of the state or by the United
26 States and which is used or to be used primarily for foot or vehicular
27 traffic including mass transportation vehicles of any kind.

28 (b) The term does not include the sale of or charge made for labor
29 and services rendered in respect to the building, repairing, or
30 improving of any street, place, road, highway, easement, right-of-way,
31 mass public transportation terminal or parking facility, bridge,
32 tunnel, or trestle which is owned by the United States and which is
33 used or to be used primarily for foot or vehicular traffic including
34 mass transportation vehicles of any kind.

35 (11) Until July 1, 2017, the term also does not include sales of
36 chemical sprays or washes to persons for the purpose of postharvest
37 treatment of fruit for the prevention of scald, fungus, mold, or decay,
38 nor does it include sales of feed, seed, seedlings, fertilizer, agents

1 for enhanced pollination including insects such as bees, and spray
2 materials to: (a) Persons who participate in the federal conservation
3 reserve program, the environmental quality incentives program, the
4 wetlands reserve program, and the wildlife habitat incentives program,
5 or their successors administered by the United States department of
6 agriculture; (b) farmers for the purpose of producing for sale any
7 agricultural product; and (c) farmers acting under cooperative habitat
8 development or access contracts with an organization exempt from
9 federal income tax under 26 U.S.C. Sec. 501(c)(3) of the federal
10 internal revenue code or the Washington state department of fish and
11 wildlife to produce or improve wildlife habitat on land that the farmer
12 owns or leases.

13 (12)(a) Until July 1, 2015, the term does not include the sale of
14 or charge made for labor and services rendered in respect to the
15 constructing, repairing, decorating, or improving of new or existing
16 buildings or other structures under, upon, or above real property of or
17 for the United States, any instrumentality thereof, or a county or city
18 housing authority created pursuant to chapter 35.82 RCW, including the
19 installing, or attaching of any article of tangible personal property
20 therein or thereto, whether or not such personal property becomes a
21 part of the realty by virtue of installation. Nor does the term
22 include the sale of services or charges made for the clearing of land
23 and the moving of earth of or for the United States, any
24 instrumentality thereof, or a county or city housing authority. Nor
25 does the term include the sale of services or charges made for cleaning
26 up for the United States, or its instrumentalities, radioactive waste
27 and other by-products of weapons production and nuclear research and
28 development.

29 (b) The term does not include the sale of or charge made for labor
30 and services rendered in respect to the constructing, repairing,
31 decorating, or improving of new or existing buildings or other
32 structures under, upon, or above real property of or for the United
33 States or any instrumentality thereof, including the installing or
34 attaching of any article of tangible personal property therein or
35 thereto, whether or not such personal property becomes a part of the
36 realty by virtue of installation. Nor does the term include the sale
37 of services or charges made for the clearing of land and the moving of
38 earth of or for the United States or any instrumentality thereof. Nor

1 does the term include the sale of services or charges made for cleaning
2 up for the United States or its instrumentalities, radioactive waste
3 and other by-products of weapons production and nuclear research and
4 development.

5 (13) Until July 1, 2015, the term does not include the sale of or
6 charge made for labor, services, or tangible personal property pursuant
7 to agreements providing maintenance services for bus, rail, or rail
8 fixed guideway equipment when a regional transit authority is the
9 recipient of the labor, services, or tangible personal property, and a
10 transit agency, as defined in RCW 81.104.015, performs the labor or
11 services.

12 (14) The term does not include the sale for resale of any service
13 described in this section if the sale would otherwise constitute a
14 "sale at retail" and "retail sale" under this section.

15 **Sec. 106.** RCW 82.04.062 and 1985 c 471 s 5 are each amended to
16 read as follows:

17 (1) Until July 1, 2017, for purposes of this chapter, "wholesale
18 sale," "sale at wholesale," "retail sale," and "sale at retail" do not
19 include the sale of precious metal bullion or monetized bullion.

20 (2) Until July 1, 2017, in computing tax under this chapter on the
21 business of making sales of precious metal bullion or monetized
22 bullion, the tax (~~(shall be)~~) is imposed on the amounts received as
23 commissions upon transactions for the accounts of customers over and
24 above the amount paid to other dealers associated in such transactions,
25 but no deduction or offset is allowed on account of salaries or
26 commissions paid to salesmen or other employees.

27 (3) For purposes of this section, "precious metal bullion" means
28 any precious metal which has been put through a process of smelting or
29 refining, including, but not limited to, gold, silver, platinum,
30 rhodium, and palladium, and which is in such state or condition that
31 its value depends upon its contents and not upon its form. For
32 purposes of this section, "monetized bullion" means coins or other
33 forms of money manufactured from gold, silver, or other metals and
34 heretofore, now, or hereafter used as a medium of exchange under the
35 laws of this state, the United States, or any foreign nation, but does
36 not include coins or money sold to be manufactured into jewelry or
37 works of art.

1 **Sec. 107.** RCW 82.08.010 and 2010 c 106 s 210 are each amended to
2 read as follows:

3 For the purposes of this chapter:

4 (1)(a) "Selling price" includes "sales price." "Sales price" means
5 the total amount of consideration, (~~except separately stated trade-in~~
6 ~~property of like kind,~~) including cash, credit, property, and
7 services, for which tangible personal property, extended warranties,
8 digital goods, digital codes, digital automated services, or other
9 services or anything else defined as a "retail sale" under RCW
10 82.04.050 are sold, leased, or rented, valued in money, whether
11 received in money or otherwise. No deduction from the total amount of
12 consideration is allowed for the following: (i) The seller's cost of
13 the property sold; (ii) the cost of materials used, labor or service
14 cost, interest, losses, all costs of transportation to the seller, all
15 taxes imposed on the seller, and any other expense of the seller; (iii)
16 charges by the seller for any services necessary to complete the sale,
17 other than delivery and installation charges; (iv) delivery charges;
18 and (v) installation charges.

19 When tangible personal property is rented or leased under
20 circumstances that the consideration paid does not represent a
21 reasonable rental for the use of the articles so rented or leased, the
22 "selling price" shall be determined as nearly as possible according to
23 the value of such use at the places of use of similar products of like
24 quality and character under such rules as the department may prescribe;

25 (b) "Selling price" or "sales price" does not include: Discounts,
26 including cash, term, or coupons that are not reimbursed by a third
27 party that are allowed by a seller and taken by a purchaser on a sale;
28 interest, financing, and carrying charges from credit extended on the
29 sale of tangible personal property, extended warranties, digital goods,
30 digital codes, digital automated services, or other services or
31 anything else defined as a retail sale in RCW 82.04.050, if the amount
32 is separately stated on the invoice, bill of sale, or similar document
33 given to the purchaser; and any taxes legally imposed directly on the
34 consumer that are separately stated on the invoice, bill of sale, or
35 similar document given to the purchaser;

36 (c) "Selling price" or "sales price" includes consideration
37 received by the seller from a third party if:

1 (i) The seller actually receives consideration from a party other
2 than the purchaser, and the consideration is directly related to a
3 price reduction or discount on the sale;

4 (ii) The seller has an obligation to pass the price reduction or
5 discount through to the purchaser;

6 (iii) The amount of the consideration attributable to the sale is
7 fixed and determinable by the seller at the time of the sale of the
8 item to the purchaser; and

9 (iv) One of the criteria in this subsection (1)(c)(iv) is met:

10 (A) The purchaser presents a coupon, certificate, or other
11 documentation to the seller to claim a price reduction or discount
12 where the coupon, certificate, or documentation is authorized,
13 distributed, or granted by a third party with the understanding that
14 the third party will reimburse any seller to whom the coupon,
15 certificate, or documentation is presented;

16 (B) The purchaser identifies himself or herself to the seller as a
17 member of a group or organization entitled to a price reduction or
18 discount, however a "preferred customer" card that is available to any
19 patron does not constitute membership in such a group; or

20 (C) The price reduction or discount is identified as a third party
21 price reduction or discount on the invoice received by the purchaser or
22 on a coupon, certificate, or other documentation presented by the
23 purchaser;

24 (d) Until July 1, 2017, "selling price" or "sales price" does not
25 include separately stated trade-in property of like kind;

26 (2)(a) "Seller" means every person, including the state and its
27 departments and institutions, making sales at retail or retail sales to
28 a buyer, purchaser, or consumer, whether as agent, broker, or
29 principal, except "seller" does not mean:

30 (i) The state and its departments and institutions when making
31 sales to the state and its departments and institutions; or

32 (ii) A professional employer organization when a covered employee
33 coemployed with the client under the terms of a professional employer
34 agreement engages in activities that constitute a sale at retail that
35 is subject to the tax imposed by this chapter. In such cases, the
36 client, and not the professional employer organization, is deemed to be
37 the seller and is responsible for collecting and remitting the tax
38 imposed by this chapter.

1 (b) For the purposes of (a) of this subsection, the terms "client,"
2 "covered employee," "professional employer agreement," and
3 "professional employer organization" have the same meanings as in RCW
4 82.04.540;

5 (3) "Buyer," "purchaser," and "consumer" include, without limiting
6 the scope hereof, every individual, receiver, assignee, trustee in
7 bankruptcy, trust, estate, firm, copartnership, joint venture, club,
8 company, joint stock company, business trust, corporation, association,
9 society, or any group of individuals acting as a unit, whether mutual,
10 cooperative, fraternal, nonprofit, or otherwise, municipal corporation,
11 quasi municipal corporation, and also the state, its departments and
12 institutions and all political subdivisions thereof, irrespective of
13 the nature of the activities engaged in or functions performed, and
14 also the United States or any instrumentality thereof;

15 (4) "Delivery charges" means charges by the seller of personal
16 property or services for preparation and delivery to a location
17 designated by the purchaser of personal property or services including,
18 but not limited to, transportation, shipping, postage, handling,
19 crating, and packing;

20 (5) "Direct mail" means printed material delivered or distributed
21 by United States mail or other delivery service to a mass audience or
22 to addressees on a mailing list provided by the purchaser or at the
23 direction of the purchaser when the cost of the items are not billed
24 directly to the recipients. "Direct mail" includes tangible personal
25 property supplied directly or indirectly by the purchaser to the direct
26 mail seller for inclusion in the package containing the printed
27 material. "Direct mail" does not include multiple items of printed
28 material delivered to a single address;

29 (6) The meaning attributed in chapter 82.04 RCW to the terms "tax
30 year," "taxable year," "person," "company," "sale," "sale at
31 wholesale," "wholesale," "business," "engaging in business," "cash
32 discount," "successor," "consumer," "in this state" and "within this
33 state" applies equally to the provisions of this chapter;

34 (7) For the purposes of the taxes imposed under this chapter and
35 under chapter 82.12 RCW, "tangible personal property" means personal
36 property that can be seen, weighed, measured, felt, or touched, or that
37 is in any other manner perceptible to the senses. Tangible personal

1 property includes electricity, water, gas, steam, and prewritten
2 computer software;

3 (8) "Extended warranty" has the same meaning as in RCW
4 82.04.050(7);

5 (9) The definitions in RCW 82.04.192 apply to this chapter;

6 (10) For the purposes of the taxes imposed under this chapter and
7 chapter 82.12 RCW, whenever the terms "property" or "personal property"
8 are used, those terms must be construed to include digital goods and
9 digital codes unless:

10 (a) It is clear from the context that the term "personal property"
11 is intended only to refer to tangible personal property;

12 (b) It is clear from the context that the term "property" is
13 intended only to refer to tangible personal property, real property, or
14 both; or

15 (c) To construe the term "property" or "personal property" as
16 including digital goods and digital codes would yield unlikely, absurd,
17 or strained consequences; and

18 (11) "Retail sale" or "sale at retail" means any sale, lease, or
19 rental for any purpose other than for resale, sublease, or subrent.

20 **Sec. 108.** RCW 82.12.010 and 2010 c 127 s 4 are each reenacted and
21 amended to read as follows:

22 For the purposes of this chapter:

23 (1) The meaning ascribed to words and phrases in chapters 82.04 and
24 82.08 RCW, insofar as applicable, has full force and effect with
25 respect to taxes imposed under the provisions of this chapter.
26 "Consumer," in addition to the meaning ascribed to it in chapters 82.04
27 and 82.08 RCW insofar as applicable, also means any person who
28 distributes or displays, or causes to be distributed or displayed, any
29 article of tangible personal property, except newspapers, the primary
30 purpose of which is to promote the sale of products or services. With
31 respect to property distributed to persons within this state by a
32 consumer as defined in this subsection (1), the use of the property is
33 deemed to be by such consumer.

34 (2) "Extended warranty" has the same meaning as in RCW
35 82.04.050(7).

36 (3) "Purchase price" means the same as sales price as defined in
37 RCW 82.08.010.

1 (4)(a)(i) Except as provided in (a)(ii) of this subsection (4),
2 "retailer" means every seller as defined in RCW 82.08.010 and every
3 person engaged in the business of selling tangible personal property at
4 retail and every person required to collect from purchasers the tax
5 imposed under this chapter.

6 (ii) "Retailer" does not include a professional employer
7 organization when a covered employee coemployed with the client under
8 the terms of a professional employer agreement engages in activities
9 that constitute a sale of tangible personal property, extended
10 warranty, digital good, digital code, or a sale of any digital
11 automated service or service defined as a retail sale in RCW 82.04.050
12 (2)(a) or (g), (3)(a), or (6)(b) that is subject to the tax imposed by
13 this chapter. In such cases, the client, and not the professional
14 employer organization, is deemed to be the retailer and is responsible
15 for collecting and remitting the tax imposed by this chapter.

16 (b) For the purposes of (a) of this subsection, the terms "client,"
17 "covered employee," "professional employer agreement," and
18 "professional employer organization" have the same meanings as in RCW
19 82.04.540.

20 (5) "Taxpayer" and "purchaser" include all persons included within
21 the meaning of the word "buyer" and the word "consumer" as defined in
22 chapters 82.04 and 82.08 RCW.

23 (6) "Use," "used," "using," or "put to use" have their ordinary
24 meaning, and mean:

25 (a) With respect to tangible personal property, except for natural
26 gas and manufactured gas, the first act within this state by which the
27 taxpayer takes or assumes dominion or control over the article of
28 tangible personal property (as a consumer), and include installation,
29 storage, withdrawal from storage, distribution, or any other act
30 preparatory to subsequent actual use or consumption within this state;

31 (b) With respect to a service defined in RCW 82.04.050(2)(a), the
32 first act within this state after the service has been performed by
33 which the taxpayer takes or assumes dominion or control over the
34 article of tangible personal property upon which the service was
35 performed (as a consumer), and includes installation, storage,
36 withdrawal from storage, distribution, or any other act preparatory to
37 subsequent actual use or consumption of the article within this state;

1 (c) With respect to an extended warranty, the first act within this
2 state after the extended warranty has been acquired by which the
3 taxpayer takes or assumes dominion or control over the article of
4 tangible personal property to which the extended warranty applies, and
5 includes installation, storage, withdrawal from storage, distribution,
6 or any other act preparatory to subsequent actual use or consumption of
7 the article within this state;

8 (d) With respect to a digital good or digital code, the first act
9 within this state by which the taxpayer, as a consumer, views,
10 accesses, downloads, possesses, stores, opens, manipulates, or
11 otherwise uses or enjoys the digital good or digital code;

12 (e) With respect to a digital automated service, the first act
13 within this state by which the taxpayer, as a consumer, uses, enjoys,
14 or otherwise receives the benefit of the service;

15 (f) With respect to a service defined as a retail sale in RCW
16 82.04.050(6)(b), the first act within this state by which the taxpayer,
17 as a consumer, accesses the prewritten computer software;

18 (g) With respect to a service defined as a retail sale in RCW
19 82.04.050(2)(g), the first act within this state after the service has
20 been performed by which the taxpayer, as a consumer, views, accesses,
21 downloads, possesses, stores, opens, manipulates, or otherwise uses or
22 enjoys the digital good upon which the service was performed; and

23 (h) With respect to natural gas or manufactured gas, the use of
24 which is taxable under RCW 82.12.022, including gas that is also
25 taxable under the authority of RCW 82.14.230, the first act within this
26 state by which the taxpayer consumes the gas by burning the gas or
27 storing the gas in the taxpayer's own facilities for later consumption
28 by the taxpayer.

29 (7)(a) "Value of the article used" is the purchase price for the
30 article of tangible personal property, the use of which is taxable
31 under this chapter. The term also includes, in addition to the
32 purchase price, the amount of any tariff or duty paid with respect to
33 the importation of the article used. In case the article used is
34 acquired by lease or by gift or is extracted, produced, or manufactured
35 by the person using the same or is sold under conditions wherein the
36 purchase price does not represent the true value thereof, the value of
37 the article used is determined as nearly as possible according to the

1 retail selling price at place of use of similar products of like
2 quality and character under such rules as the department may prescribe.

3 (b) In case the articles used are acquired by bailment, the value
4 of the use of the articles so used must be in an amount representing a
5 reasonable rental for the use of the articles so bailed, determined as
6 nearly as possible according to the value of such use at the places of
7 use of similar products of like quality and character under such rules
8 as the department of revenue may prescribe. In case any such articles
9 of tangible personal property are used in respect to the construction,
10 repairing, decorating, or improving of, and which become or are to
11 become an ingredient or component of, new or existing buildings or
12 other structures under, upon, or above real property of or for the
13 United States, any instrumentality thereof, or a county or city housing
14 authority created pursuant to chapter 35.82 RCW, including the
15 installing or attaching of any such articles therein or thereto,
16 whether or not such personal property becomes a part of the realty by
17 virtue of installation, then the value of the use of such articles so
18 used is determined according to the retail selling price of such
19 articles, or in the absence of such a selling price, as nearly as
20 possible according to the retail selling price at place of use of
21 similar products of like quality and character or, in the absence of
22 either of these selling price measures, such value may be determined
23 upon a cost basis, in any event under such rules as the department of
24 revenue may prescribe.

25 (c) Until July 1, 2017, in the case of articles owned by a user
26 engaged in business outside the state which are brought into the state
27 for no more than one hundred eighty days in any period of three hundred
28 sixty-five consecutive days and which are temporarily used for business
29 purposes by the person in this state, the value of the article used
30 must be an amount representing a reasonable rental for the use of the
31 articles, unless the person has paid tax under this chapter or chapter
32 82.08 RCW upon the full value of the article used, as defined in (a) of
33 this subsection.

34 (d) In the case of articles manufactured or produced by the user
35 and used in the manufacture or production of products sold or to be
36 sold to the department of defense of the United States, the value of
37 the articles used is determined according to the value of the
38 ingredients of such articles.

1 (e) In the case of an article manufactured or produced for purposes
2 of serving as a prototype for the development of a new or improved
3 product, the value of the article used is determined by: (i) The
4 retail selling price of such new or improved product when first offered
5 for sale; or (ii) the value of materials incorporated into the
6 prototype in cases in which the new or improved product is not offered
7 for sale.

8 (f) In the case of an article purchased with a direct pay permit
9 under RCW 82.32.087, the value of the article used is determined by the
10 purchase price of such article if, but for the use of the direct pay
11 permit, the transaction would have been subject to sales tax.

12 (8) "Value of the digital good or digital code used" means the
13 purchase price for the digital good or digital code, the use of which
14 is taxable under this chapter. If the digital good or digital code is
15 acquired other than by purchase, the value of the digital good or
16 digital code must be determined as nearly as possible according to the
17 retail selling price at place of use of similar digital goods or
18 digital codes of like quality and character under rules the department
19 may prescribe.

20 (9) "Value of the extended warranty used" means the purchase price
21 for the extended warranty, the use of which is taxable under this
22 chapter. If the extended warranty is received by gift or under
23 conditions wherein the purchase price does not represent the true value
24 of the extended warranty, the value of the extended warranty used is
25 determined as nearly as possible according to the retail selling price
26 at place of use of similar extended warranties of like quality and
27 character under rules the department may prescribe.

28 (10) "Value of the service used" means the purchase price for the
29 digital automated service or other service, the use of which is taxable
30 under this chapter. If the service is received by gift or under
31 conditions wherein the purchase price does not represent the true value
32 thereof, the value of the service used is determined as nearly as
33 possible according to the retail selling price at place of use of
34 similar services of like quality and character under rules the
35 department may prescribe.

36 **Sec. 109.** RCW 82.12.0251 and 2009 c 535 s 608 are each amended to
37 read as follows:

1 The provisions of this chapter do not apply in respect to the use:

2 (1) Of any article of tangible personal property or any digital
3 good or digital code, and any services that were rendered in respect to
4 such property, brought into the state of Washington by a nonresident
5 thereof for his or her use or enjoyment while temporarily within the
6 state of Washington unless such property is used in conducting a
7 nontransitory business activity within the state of Washington;

8 (2) By a nonresident of Washington of a motor vehicle or trailer
9 which is registered or licensed under the laws of the state of his or
10 her residence, and which is not required to be registered or licensed
11 under the laws of Washington, including motor vehicles or trailers
12 exempt pursuant to a declaration issued by the department of licensing
13 under RCW 46.85.060, and services rendered outside the state of
14 Washington in respect to such property;

15 (3) Until July 1, 2019, of household goods, including digital
16 goods, and digital codes, personal effects, private motor vehicles, and
17 services rendered in respect to such property, by a bona fide resident
18 of Washington, or nonresident members of the armed forces who are
19 stationed in Washington pursuant to military orders, if such articles
20 and services were acquired and used by such person in another state
21 while a bona fide resident thereof and such acquisition and use
22 occurred more than ninety days prior to the time he or she entered
23 Washington. For purposes of this subsection, private motor vehicles do
24 not include motor homes;

25 (4) Of an extended warranty, to the extent that the property
26 covered by the extended warranty is exempt under this section from the
27 tax imposed under this chapter.

28 For purposes of this section, "state" means a state of the United
29 States, any political subdivision thereof, the District of Columbia,
30 and any foreign country or political subdivision thereof, and
31 "services" means services defined as retail sales in RCW 82.04.050(2)
32 (a) or (g).

33 **Sec. 110.** RCW 82.34.015 and 1984 c 42 s 2 are each amended to read
34 as follows:

35 The department (~~shall~~) may not issue a certificate under RCW
36 82.34.010(5)(b) before July 1, 1985, or before the promulgation of
37 specific requirements for such facility by the appropriate control

1 agency, whichever is later. The department (~~shall~~) may not issue a
2 certificate under RCW 82.34.010(5)(c) before July 1, 1985. The
3 department may not issue a certificate under this chapter on or after
4 July 1, 2017.

5 **Sec. 111.** RCW 82.66.020 and 1995 c 352 s 2 are each amended to
6 read as follows:

7 Application for deferral of taxes under this chapter (~~shall~~) must
8 be made to the department in a form and manner prescribed by the
9 department. The application (~~shall~~) must contain information
10 regarding the location of the investment project, estimated or actual
11 costs, time schedules for completion and operation, and other
12 information required by the department. The department (~~shall~~) must
13 rule on the application within sixty days. The department may not
14 accept applications for deferral of taxes under this chapter on or
15 after July 1, 2017.

16 **PART II**

17 **Repealing Business and Occupation Tax Exemptions,**
18 **Credits, Deductions, and Preferential Tax Rates**

19 NEW SECTION. **Sec. 201.** The following acts or parts of acts, as
20 now existing or hereafter amended, are each repealed, effective July 1,
21 2015:

22 (1) RCW 82.04.339 (Exemptions--Day care provided by churches) and
23 1992 c 81 s 1;

24 (2) RCW 82.04.3395 (Exemptions--Child care resource and referral
25 services by nonprofit organizations) and 1995 2nd sp.s. c 11 s 3;

26 (3) RCW 82.04.363 (Exemptions--Camp or conference center--Items
27 sold or furnished by nonprofit organization) and 2009 c 535 s 409 &
28 1997 c 388 s 1;

29 (4) RCW 82.04.3651 (Exemptions--Amounts received by nonprofit
30 organizations for fund-raising activities) and 2010 c 106 s 208, 1999
31 c 358 s 3, & 1998 c 336 s 2;

32 (5) RCW 82.04.367 (Exemptions--Nonprofit organizations that are
33 guarantee agencies, issue debt, or provide guarantees for student
34 loans) and 1998 c 324 s 1 & 1987 c 433 s 1;

1 (6) RCW 82.04.368 (Exemptions--Nonprofit organizations--Credit and
2 debt services) and 1993 c 390 s 1;
3 (7) RCW 82.04.370 (Exemptions--Certain fraternal and beneficiary
4 organizations) and 1961 c 293 s 4 & 1961 c 15 s 82.04.370;
5 (8) RCW 82.04.380 (Exemptions--Certain corporations furnishing aid
6 and relief) and 1961 c 15 s 82.04.380;
7 (9) RCW 82.04.385 (Exemptions--Operation of sheltered workshops)
8 and 1988 c 176 s 915, 1988 c 13 s 1, 1972 ex.s. c 134 s 1, & 1970 ex.s.
9 c 81 s 3;
10 (10) RCW 82.04.395 (Exemptions--Certain materials printed in school
11 district and educational service district printing facilities) and 1979
12 ex.s. c 196 s 12;
13 (11) RCW 82.04.397 (Exemptions--Certain materials printed in
14 county, city, or town printing facilities) and 1979 ex.s. c 196 s 14;
15 (12) RCW 82.04.399 (Exemptions--Sales of academic transcripts) and
16 1996 c 272 s 1;
17 (13) RCW 82.04.408 (Exemptions--Housing finance commission) and
18 1983 c 161 s 25;
19 (14) RCW 82.04.415 (Exemptions--Sand, gravel and rock taken from
20 county or city pits or quarries, processing and handling costs) and
21 1965 ex.s. c 173 s 10;
22 (15) RCW 82.04.418 (Exemptions--Grants by United States government
23 to municipal corporations or political subdivisions) and 1983 1st ex.s.
24 c 66 s 2;
25 (16) RCW 82.04.419 (Exemptions--County, city, town, school
26 district, or fire district activity) and 1983 1st ex.s. c 66 s 3;
27 (17) RCW 82.04.4201 (Exemptions--Sales/leasebacks by regional
28 transit authorities) and 2000 2nd sp.s. c 4 s 24;
29 (18) RCW 82.04.4251 (Exemptions--Convention and tourism promotion)
30 and 2006 c 310 s 1;
31 (19) RCW 82.04.4282 (Deductions--Fees, dues, charges) and 2009 c
32 535 s 410, 1994 c 124 s 3, 1989 c 392 s 1, & 1980 c 37 s 3;
33 (20) RCW 82.04.4291 (Deductions--Compensation received by a
34 political subdivision from another political subdivision for services
35 taxable under RCW 82.04.290) and 1980 c 37 s 11;
36 (21) RCW 82.04.4293 (Deductions--Interest on obligations of the
37 state, its political subdivisions, and municipal corporations) and 1980
38 c 37 s 13;

1 (22) RCW 82.04.432 (Deductions--Municipal sewer service fees or
2 charges) and 1967 ex.s. c 149 s 17;

3 (23) RCW 82.04.4322 (Deductions--Artistic or cultural
4 organization--Compensation from United States, state, etc., for
5 artistic or cultural exhibitions, performances, or programs) and 1981
6 c 140 s 1;

7 (24) RCW 82.04.4324 (Deductions--Artistic or cultural
8 organization--Deduction for tax under RCW 82.04.240--Value of articles
9 for use in displaying art objects or presenting artistic or cultural
10 exhibitions, performances, or programs) and 1981 c 140 s 2;

11 (25) RCW 82.04.4326 (Deductions--Artistic or cultural
12 organizations--Tuition charges for attending artistic or cultural
13 education programs) and 1981 c 140 s 3;

14 (26) RCW 82.04.4327 (Deductions--Artistic and cultural
15 organizations--Income from business activities) and 1985 c 471 s 6;

16 (27) RCW 82.04.4332 (Deductions--Tuition fees of foreign degree-
17 granting institutions) and 1993 c 181 s 10;

18 (28) RCW 82.04.434 (Credit--Public safety standards and testing)
19 and 1991 c 13 s 1;

20 (29) RCW 82.04.600 (Exemptions--Materials printed in county, city,
21 town, school district, educational service district, library or library
22 district) and 1979 ex.s. c 266 s 8;

23 (30) RCW 82.04.610 (Exemptions--Import or export commerce) and 2007
24 c 477 s 2;

25 (31) RCW 82.04.615 (Exemptions--Certain limited purpose public
26 corporations, commissions, and authorities) and 2007 c 381 s 1;

27 (32) RCW 82.04.335 (Exemptions--Agricultural fairs) and 1965 ex.s.
28 c 145 s 1;

29 (33) RCW 82.04.338 (Exemptions--Hop commodity commission or hop
30 commodity board business) and 1998 c 200 s 1;

31 (34) RCW 82.04.4271 (Deductions--Membership fees and certain
32 service fees by nonprofit youth organization) and 1981 c 74 s 1;

33 (35) RCW 82.04.640 (Exemptions--Washington vaccine association--
34 Certain assessments received) and 2010 c 174 s 16;

35 (36) RCW 82.04.4275 (Deductions--Child welfare services) and 2011
36 c 163 s 1; and

37 (37) RCW 82.04.655 (Exemptions--Joint municipal utility services
38 authorities) and 2011 c 258 s 11.

1 NEW SECTION. **Sec. 202.** The following acts or parts of acts, as
2 now existing or hereafter amended, are each repealed, effective July 1,
3 2017:

4 (1) RCW 82.04.2907 (Tax on royalties) and 2010 1st sp.s. c 23 s
5 107, 2010 c 111 s 302, 2009 c 535 s 407, 2001 c 320 s 3, & 1998 c 331
6 s 1;

7 (2) RCW 82.04.298 (Tax on qualified grocery distribution
8 cooperatives) and 2011 c 2 s 204 (Initiative Measure No. 1107), 2010
9 1st sp.s. c 23 s 511, 2008 c 49 s 1, & 2001 1st sp.s. c 9 s 1;

10 (3) RCW 82.04.315 (Exemptions--International banking facilities)
11 and 1982 c 95 s 7;

12 (4) RCW 82.04.317 (Exemptions--Motor vehicle sales by manufacturers
13 at wholesale auctions to dealers) and 1997 c 4 s 1;

14 (5) RCW 82.04.330 (Exemptions--Sales of agricultural products) and
15 2001 c 118 s 3, 1993 sp.s. c 25 s 305, 1988 c 253 s 2, & 1987 c 23 s 4;

16 (6) RCW 82.04.331 (Exemptions--Wholesale sales to farmers of seed
17 for planting, conditioning seed for planting owned by others) and 1998
18 c 170 s 2;

19 (7) RCW 82.04.332 (Exemptions--Buying and selling at wholesale
20 unprocessed milk, wheat, oats, dry peas, dry beans, lentils, triticale,
21 canola, corn, rye, and barley) and 2007 c 131 s 1 & 1998 c 312 s 2;

22 (8) RCW 82.04.333 (Exemptions--Small harvesters) and 2011 c 101 s
23 4, 2007 c 48 s 5, & 1990 c 141 s 1;

24 (9) RCW 82.04.334 (Exemptions--Standing timber) and 2010 1st sp.s.
25 c 23 s 512 & 2007 c 48 s 3;

26 (10) RCW 82.04.337 (Exemptions--Amounts received by hop growers or
27 dealers for processed hops shipped outside the state) and 1987 c 495 s
28 1;

29 (11) RCW 82.04.392 (Exemptions--Mortgage brokers' third-party
30 provider services trust accounts) and 1998 c 311 s 3 & 1997 c 106 s 21;

31 (12) RCW 82.04.405 (Exemptions--Credit unions) and 1998 c 311 s 4
32 & 1970 ex.s. c 101 s 3;

33 (13) RCW 82.04.416 (Exemptions--Operation of state route No. 16)
34 and 1998 c 179 s 3;

35 (14) RCW 82.04.421 (Exemptions--Out-of-state membership sales in
36 discount programs) and 1997 c 408 s 1;

37 (15) RCW 82.04.422 (Exemptions--Wholesale sales of motor vehicles)
38 and 2004 c 81 s 1 & 2001 c 258 s 1;

1 (16) RCW 82.04.425 (Exemptions--Accommodation sales) and 1980 c 37
2 s 78, 1965 ex.s. c 173 s 9, & 1961 c 15 s 82.04.425;

3 (17) RCW 82.04.426 (Exemptions--Semiconductor microchips) and 2010
4 c 114 s 110 & 2003 c 149 s 2;

5 (18) RCW 82.04.4261 (Exemptions--Federal small business innovation
6 research program) and 2004 c 2 s 9;

7 (19) RCW 82.04.4262 (Exemptions--Federal small business technology
8 transfer program) and 2004 c 2 s 10;

9 (20) RCW 82.04.4267 (Exemptions--Operation of parking/business
10 improvement areas) and 2005 c 476 s 1;

11 (21) RCW 82.04.4281 (Deductions--Investments, dividends, interest
12 on loans) and 2007 c 54 s 9, 2002 c 150 s 2, & 1980 c 37 s 2;

13 (22) RCW 82.04.4287 (Deductions--Compensation for receiving,
14 washing, etc., horticultural products for person exempt under RCW
15 82.04.330--Materials and supplies used) and 1980 c 37 s 8;

16 (23) RCW 82.04.4292 (Deductions--Interest on investments or loans
17 secured by mortgages or deeds of trust) and 2010 1st sp.s. c 23 s 301
18 & 1980 c 37 s 12;

19 (24) RCW 82.04.4294 (Deductions--Interest on loans to farmers and
20 ranchers, producers or harvesters of aquatic products, or their
21 cooperatives) and 1980 c 37 s 14;

22 (25) RCW 82.04.4295 (Deductions--Manufacturing activities completed
23 outside the United States) and 1980 c 37 s 15;

24 (26) RCW 82.04.4296 (Deductions--Reimbursement for accommodation
25 expenditures by funeral homes) and 1980 c 37 s 16;

26 (27) RCW 82.04.433 (Deductions--Sales of fuel for consumption
27 outside United States' waters by vessels in foreign commerce) and 2009
28 c 494 s 2 & 1985 c 471 s 16;

29 (28) RCW 82.04.4333 (Credit--Job training services--Approval) and
30 1996 c 1 s 4;

31 (29) RCW 82.04.4339 (Deductions--Grants to support salmon
32 restoration) and 2004 c 241 s 1;

33 (30) RCW 82.04.4451 (Credit against tax due--Maximum credit--Table)
34 and 2010 1st sp.s. c 23 s 1102, 1997 c 238 s 2, & 1994 sp.s. c 2 s 1;

35 (31) RCW 82.04.44525 (Credit--New employment for international
36 service activities in eligible areas--Designation of census tracts for
37 eligibility--Records--Tax due upon ineligibility--Interest assessment--

1 Information from employment security department) and 2009 c 535 s 1104,
2 2008 c 81 s 9, & 1998 c 313 s 2;
3 (32) RCW 82.04.447 (Credit--Natural or manufactured gas purchased
4 by direct service industrial customers--Reports) and 2001 c 214 s 9;
5 (33) RCW 82.04.4482 (Credit--Sales of electricity or gas to an
6 aluminum smelter) and 2004 c 24 s 9;
7 (34) RCW 82.04.4486 (Credit--Syrup taxes paid by buyer) and 2006 c
8 245 s 1;
9 (35) RCW 82.04.601 (Exemptions--Affixing stamp services for
10 cigarette sales) and 2007 c 221 s 5;
11 (36) RCW 82.62.030 (Allowance of tax credits--Limitations) and 2007
12 c 485 s 3, 2001 c 320 s 13, 1999 c 164 s 306, 1997 c 366 s 5, 1996 c 1
13 s 3, & 1986 c 116 s 17;
14 (37) RCW 82.04.2403 (Manufacturer tax not applicable to cleaning
15 fish) and 1994 c 167 s 1;
16 (38) RCW 82.04.255 (Tax on real estate brokers) and 2011 c 322 s 2,
17 1997 c 7 s 1, 1996 c 1 s 1, 1993 sp.s. c 25 s 202, 1985 c 32 s 2, 1983
18 2nd ex.s. c 3 s 1, 1983 c 9 s 1, & 1970 ex.s. c 65 s 3;
19 (39) RCW 82.04.340 (Exemptions--Boxing, sparring, or wrestling
20 matches) and 2000 c 103 s 6, 1988 c 19 s 4, & 1961 c 15 s 82.04.340;
21 (40) RCW 82.04.424 (Exemptions--Certain in-state activities) and
22 2003 c 76 s 2;
23 (41) RCW 82.04.4272 (Deductions--Direct mail delivery charges) and
24 2005 c 514 s 114;
25 (42) RCW 82.04.4285 (Deductions--Motor vehicle fuel and special
26 fuel taxes) and 1998 c 176 s 3 & 1980 c 37 s 6;
27 (43) RCW 82.04.43391 (Deductions--Commercial aircraft loan interest
28 and fees) and 2010 1st sp.s. c 23 s 112;
29 (44) RCW 82.04.540 (Professional employer organizations--Taxable
30 under RCW 82.04.290(2)--Deduction) and 2006 c 301 s 1;
31 (45) RCW 82.04.645 (Exemptions--Financial institutions--Amounts
32 received from certain affiliated persons) and 2011 c 174 s 102 & 2010
33 1st sp.s. c 23 s 110;
34 (46) RCW 82.04.650 (Exemptions--Investment conduits and
35 securitization entities) and 2010 1st sp.s. c 23 s 111;
36 (47) RCW 82.04.410 (Exemptions--Hatching eggs and poultry) and 1967
37 ex.s. c 149 s 15 & 1961 c 15 s 82.04.410;

1 (48) RCW 82.04.263 (Tax on cleaning up radioactive waste and other
2 by-products of weapons production and nuclear research and development)
3 and 2009 c 469 s 202 & 1996 c 112 s 3;

4 (49) RCW 82.04.4334 (Deductions--Sale or distribution of biodiesel
5 or E85 motor fuels) and 2007 c 309 s 3 & 2003 c 63 s 1; and

6 (50) RCW 82.04.750 (Exemptions--Restaurant employee meals) and 2011
7 c 55 s 1.

8 NEW SECTION. **Sec. 203.** The following acts or parts of acts, as
9 now existing or hereafter amended, are each repealed, effective July 1,
10 2019:

11 (1) RCW 82.04.2905 (Tax on providing day care) and 1998 c 312 s 7;

12 (2) RCW 82.04.4298 (Deductions--Repair, maintenance, replacement,
13 etc., of residential structures and commonly held property--Eligible
14 organizations) and 1980 c 37 s 18.

15 NEW SECTION. **Sec. 204.** The following acts or parts of acts, as
16 now existing or hereafter amended, are each repealed, effective July 1,
17 2021:

18 (1) RCW 82.04.272 (Tax on warehousing and reselling prescription
19 drugs) and 2003 c 168 s 401 & 1998 c 343 s 1;

20 (2) RCW 82.04.2906 (Tax on certain chemical dependency services)
21 and 2003 c 343 s 1;

22 (3) RCW 82.04.2908 (Tax on provision of room and domiciliary care
23 to boarding home residents) and 2005 c 514 s 302 & 2004 c 174 s 1;

24 (4) RCW 82.04.324 (Exemptions--Qualifying blood, tissue, or blood
25 and tissue banks) and 2004 c 82 s 1 & 1995 2nd sp.s. c 9 s 3;

26 (5) RCW 82.04.326 (Exemptions--Qualified organ procurement
27 organizations) and 2002 c 113 s 1;

28 (6) RCW 82.04.327 (Exemptions--Adult family homes) and 1987 1st
29 ex.s. c 4 s 1;

30 (7) RCW 82.04.355 (Exemptions--Ride sharing) and 1999 c 358 s 8 &
31 1979 c 111 s 17;

32 (8) RCW 82.04.4263 (Exemptions--Income received by the life
33 sciences discovery fund authority) and 2005 c 424 s 11;

34 (9) RCW 82.04.4264 (Exemptions--Nonprofit boarding homes--Room and
35 domiciliary care) and 2005 c 514 s 301;

1 (10) RCW 82.04.4265 (Exemptions--Comprehensive cancer centers) and
2 2005 c 514 s 401;

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

7 (12) RCW 82.04.4297 (Deductions--Compensation from public entities
8 for health or social welfare services--Exception) and 2011 1st sp.s. c
9 19 s 2, 2002 c 314 s 3, 2001 2nd sp.s. c 23 s 2, 1988 c 67 s 1, & 1980
10 c 37 s 17;

11 (13) RCW 82.04.4311 (Deductions--Compensation received under the
12 federal medicare program by certain hospitals or health centers) and
13 2005 c 86 s 1 & 2002 c 314 s 2;

14 (14) RCW 82.04.4337 (Deductions--Certain amounts received by
15 boarding homes) and 2004 c 174 s 7;

16 (15) RCW 82.04.620 (Exemptions--Certain prescription drugs) and
17 2007 c 447 s 1; and

18 (16) RCW 82.04.635 (Exemptions--Nonprofits providing legal services
19 to low-income persons) and 2009 c 508 s 1.

20 **Sec. 205.** RCW 82.04.110 and 2009 c 535 s 405 are each amended to
21 read as follows:

22 (1) Except as otherwise provided in this section, "manufacturer"
23 means every person who, either directly or by contracting with others
24 for the necessary labor or mechanical services, manufactures for sale
25 or for commercial or industrial use from his or her own materials or
26 ingredients any articles, substances, or commodities.

27 (2)(a) When the owner of equipment or facilities furnishes, or
28 sells to the customer prior to manufacture, all or a portion of the
29 materials that become a part or whole of the manufactured article, the
30 department (~~shall~~) must prescribe equitable rules for determining tax
31 liability.

32 (b) Until July 1, 2017, a person who produces aluminum master
33 alloys is a processor for hire rather than a manufacturer, regardless
34 of the portion of the aluminum provided by that person's customer. For
35 the purposes of this subsection (2)(b), "aluminum master alloy" means
36 an alloy registered with the aluminum association as a grain refiner or

1 a hardener alloy using the American national standards institute
2 designating system H35.3.

3 (3) A nonresident of this state who is the owner of materials
4 processed for it in this state by a processor for hire (~~shall~~) may
5 not be deemed to be engaged in business in this state as a manufacturer
6 because of the performance of such processing work for it in this
7 state.

8 (4) The owner of materials from which a nuclear fuel assembly is
9 made for it by a processor for hire (~~shall~~) is not be subject to tax
10 under this chapter as a manufacturer of the fuel assembly.

11 (5) For purposes of this section, the terms "articles,"
12 "substances," "materials," "ingredients," and "commodities" do not
13 include digital goods.

14 **Sec. 206.** RCW 82.04.120 and 2011 c 23 s 3 are each amended to read
15 as follows:

16 (1) Until July 1, 2017, "to manufacture" embraces all activities of
17 a commercial or industrial nature wherein labor or skill is applied, by
18 hand or machinery, to materials so that as a result thereof a new,
19 different or useful substance or article of tangible personal property
20 is produced for sale or commercial or industrial use, and includes:

21 (a) The production or fabrication of special made or custom made
22 articles;

23 (b) The production or fabrication of dental appliances, devices,
24 restorations, substitutes, or other dental laboratory products by a
25 dental laboratory or dental technician;

26 (c) Cutting, delimiting, and measuring of felled, cut, or taken
27 trees; and

28 (d) Crushing and/or blending of rock, sand, stone, gravel, or ore.

29 (2) "To manufacture" does not include:

30 (a) Conditioning of seed for use in planting; cubing hay or
31 alfalfa;

32 (b) Activities which consist of cutting, grading, or ice glazing
33 seafood which has been cooked, frozen, or canned outside this state;

34 (c) The growing, harvesting, or producing of agricultural products;

35 (d) Packing of agricultural products, including sorting, washing,
36 rinsing, grading, waxing, treating with fungicide, packaging, chilling,
37 or placing in controlled atmospheric storage;

1 (e) The production of digital goods;

2 (f) The production of computer software if the computer software is
3 delivered from the seller to the purchaser by means other than tangible
4 storage media, including the delivery by use of a tangible storage
5 media where the tangible storage media is not physically transferred to
6 the purchaser; and

7 (g) Any activity that is integral to any public service business as
8 defined in RCW 82.16.010 and with respect to which the gross income
9 associated with such activity: (i) Is subject to tax under chapter
10 82.16 RCW; or (ii) would be subject to tax under chapter 82.16 RCW if
11 such activity were conducted in this state or if not for an exemption
12 or deduction.

13 (3) With respect to wastewater treatment facilities:

14 (a) "To manufacture" does not include the treatment of wastewater,
15 the production of reclaimed water, and the production of class B
16 biosolids; and

17 (b) "To manufacture" does include the production of class A or
18 exceptional quality biosolids, but only with respect to the processing
19 activities that occur after the biosolids have reached class B
20 standards.

21 **Sec. 207.** RCW 82.04.250 and 2010 1st sp.s. c 23 s 509 and 2010 1st
22 sp.s. c 23 s 508 are each reenacted and amended to read as follows:

23 (1) Upon every person engaging within this state in the business of
24 making sales at retail, except persons taxable as retailers under other
25 provisions of this chapter, as to such persons, the amount of tax with
26 respect to such business is equal to the gross proceeds of sales of the
27 business, multiplied by the rate of 0.471 percent until July 1, 2017,
28 and 0.484 percent thereafter.

29 (2) Upon every person engaging within this state in the business of
30 making sales at retail that are exempt from the tax imposed under
31 chapter 82.08 RCW by reason of RCW 82.08.0261, 82.08.0262, or
32 82.08.0263, except persons taxable under RCW 82.04.260(~~(+10)~~) (11) or
33 subsection (3) of this section, as to such persons, the amount of tax
34 with respect to such business is equal to the gross proceeds of sales
35 of the business, multiplied by the rate of 0.484 percent.

36 (3) Until July 1, 2024, upon every person classified by the federal
37 aviation administration as a federal aviation regulation part 145

1 certificated repair station and that is engaging within this state in
2 the business of making sales at retail that are exempt from the tax
3 imposed under chapter 82.08 RCW by reason of RCW 82.08.0261,
4 82.08.0262, or 82.08.0263, as to such persons, the amount of tax with
5 respect to such business is equal to the gross proceeds of sales of the
6 business, multiplied by the rate of .2904 percent.

7 **Sec. 208.** RCW 82.04.257 and 2010 c 111 s 301 are each amended to
8 read as follows:

9 (1) Except as provided in subsection (2) of this section, upon
10 every person engaging within this state in the business of making sales
11 at retail or wholesale of digital goods, digital codes, digital
12 automated services, or services described in RCW 82.04.050 (2)(g) or
13 (6)(b), as to such persons, the amount of tax with respect to such
14 business is equal to the gross proceeds of sales of the business,
15 multiplied by the rate of 0.471 percent in the case of retail sales and
16 by the rate of 0.484 percent in the case of wholesale sales. Beginning
17 July 1, 2017, in the case of retail sales, the rate is 0.484 percent.

18 (2) Persons providing subscription television services or
19 subscription radio services are subject to tax under RCW 82.04.290(2)
20 on the gross income of the business received from providing such
21 services.

22 (3) For purposes of this section, a person is considered to be
23 engaging within this state in the business of making sales of digital
24 goods, digital codes, digital automated services, or services described
25 in RCW 82.04.050 (2)(g) or (6)(b), if the person makes sales of digital
26 goods, digital codes, digital automated services, or services described
27 in RCW 82.04.050 (2)(g) or (6)(b) and the sales are sourced to this
28 state under RCW 82.32.730 for sales tax purposes or would have been
29 sourced to this state under RCW 82.32.730 if the sale had been taxable
30 under chapter 82.08 RCW.

31 (4) A person subject to tax under this section is subject to the
32 mandatory electronic filing and payment requirements in RCW 82.32.080.

33 **Sec. 209.** RCW 82.04.260 and 2011 c 2 s 203 (Initiative Measure No.
34 1107) are each amended to read as follows:

35 (1) Until July 1, 2017, upon every person engaging within this
36 state in the business of manufacturing:

1 (a) Wheat into flour, barley into pearl barley, soybeans into
2 soybean oil, canola into canola oil, canola meal, or canola by-
3 products, or sunflower seeds into sunflower oil; as to such persons the
4 amount of tax with respect to such business is equal to the value of
5 the flour, pearl barley, oil, canola meal, or canola by-product
6 manufactured, multiplied by the rate of 0.138 percent;

7 (b) Beginning July 1, 2012, and through June 30, 2017, seafood
8 products that remain in a raw, raw frozen, or raw salted state at the
9 completion of the manufacturing by that person; or selling manufactured
10 seafood products that remain in a raw, raw frozen, or raw salted state
11 at the completion of the manufacturing, to purchasers who transport in
12 the ordinary course of business the goods out of this state; as to such
13 persons the amount of tax with respect to such business is equal to the
14 value of the products manufactured or the gross proceeds derived from
15 such sales, multiplied by the rate of 0.138 percent. Sellers must keep
16 and preserve records for the period required by RCW 82.32.070
17 establishing that the goods were transported by the purchaser in the
18 ordinary course of business out of this state;

19 (c) Beginning July 1, 2012, and through June 30, 2017, dairy
20 products that as of September 20, 2001, are identified in 21 C.F.R.,
21 chapter 1, parts 131, 133, and 135, including by-products from the
22 manufacturing of the dairy products such as whey and casein; or selling
23 the same to purchasers who transport in the ordinary course of business
24 the goods out of state; as to such persons the tax imposed is equal to
25 the value of the products manufactured or the gross proceeds derived
26 from such sales multiplied by the rate of 0.138 percent. Sellers must
27 keep and preserve records for the period required by RCW 82.32.070
28 establishing that the goods were transported by the purchaser in the
29 ordinary course of business out of this state;

30 (d) Beginning July 1, 2012, fruits or vegetables by canning,
31 preserving, freezing, processing, or dehydrating fresh fruits or
32 vegetables, or selling at wholesale fruits or vegetables manufactured
33 by the seller by canning, preserving, freezing, processing, or
34 dehydrating fresh fruits or vegetables and sold to purchasers who
35 transport in the ordinary course of business the goods out of this
36 state; as to such persons the amount of tax with respect to such
37 business is equal to the value of the products manufactured or the
38 gross proceeds derived from such sales multiplied by the rate of 0.138

1 percent. Sellers must keep and preserve records for the period
2 required by RCW 82.32.070 establishing that the goods were transported
3 by the purchaser in the ordinary course of business out of this state;

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

9 (f) Wood biomass fuel as defined in RCW 82.29A.135; as to such
10 persons the amount of tax with respect to the business is equal to the
11 value of wood biomass fuel manufactured, multiplied by the rate of
12 0.138 percent.

13 (2) Until July 1, 2017, upon every person engaging within this
14 state in the business of splitting or processing dried peas; as to such
15 persons the amount of tax with respect to such business is equal to the
16 value of the peas split or processed, multiplied by the rate of 0.138
17 percent.

18 (3) Until July 1, 2015, upon every nonprofit corporation and
19 nonprofit association engaging within this state in research and
20 development, as to such corporations and associations, the amount of
21 tax with respect to such activities is equal to the gross income
22 derived from such activities multiplied by the rate of 0.484 percent.

23 (4) Until July 1, 2015, upon every person engaging within this
24 state in the business of slaughtering, breaking and/or processing
25 perishable meat products and/or selling the same at wholesale only and
26 not at retail; as to such persons the tax imposed is equal to the gross
27 proceeds derived from such sales multiplied by the rate of 0.138
28 percent.

29 (5) Until July 1, 2017, upon every person engaging within this
30 state in the business of acting as a travel agent or tour operator; as
31 to such persons the amount of the tax with respect to such activities
32 is equal to the gross income derived from such activities multiplied by
33 the rate of 0.275 percent.

34 (6) Until July 1, 2017, upon every person engaging within this
35 state in business as an international steamship agent, international
36 customs house broker, international freight forwarder, vessel and/or
37 cargo charter broker in foreign commerce, and/or international air

1 cargo agent; as to such persons the amount of the tax with respect to
2 only international activities is equal to the gross income derived from
3 such activities multiplied by the rate of 0.275 percent.

4 (7) Until July 1, 2017, upon every person engaging within this
5 state in the business of stevedoring and associated activities
6 pertinent to the movement of goods and commodities in waterborne
7 interstate or foreign commerce; as to such persons the amount of tax
8 with respect to such business is equal to the gross proceeds derived
9 from such activities multiplied by the rate of 0.275 percent. Persons
10 subject to taxation under this subsection are exempt from payment of
11 taxes imposed by chapter 82.16 RCW for that portion of their business
12 subject to taxation under this subsection. Stevedoring and associated
13 activities pertinent to the conduct of goods and commodities in
14 waterborne interstate or foreign commerce are defined as all activities
15 of a labor, service or transportation nature whereby cargo may be
16 loaded or unloaded to or from vessels or barges, passing over, onto or
17 under a wharf, pier, or similar structure; cargo may be moved to a
18 warehouse or similar holding or storage yard or area to await further
19 movement in import or export or may move to a consolidation freight
20 station and be stuffed, unstuffed, containerized, separated or
21 otherwise segregated or aggregated for delivery or loaded on any mode
22 of transportation for delivery to its consignee. Specific activities
23 included in this definition are: Wharfage, handling, loading,
24 unloading, moving of cargo to a convenient place of delivery to the
25 consignee or a convenient place for further movement to export mode;
26 documentation services in connection with the receipt, delivery,
27 checking, care, custody and control of cargo required in the transfer
28 of cargo; imported automobile handling prior to delivery to consignee;
29 terminal stevedoring and incidental vessel services, including but not
30 limited to plugging and unplugging refrigerator service to containers,
31 trailers, and other refrigerated cargo receptacles, and securing ship
32 hatch covers.

33 (8) Upon every person engaging within this state in the business of
34 disposing of low-level waste, as defined in RCW 43.145.010; as to such
35 persons the amount of the tax with respect to such business is equal to
36 the gross income of the business, excluding any fees imposed under
37 chapter 43.200 RCW, multiplied by the rate of 3.3 percent.

1 If the gross income of the taxpayer is attributable to activities
2 both within and without this state, the gross income attributable to
3 this state must be determined in accordance with the methods of
4 apportionment required under RCW 82.04.460.

5 (9) Until July 1, 2017, upon every person engaging within this
6 state as an insurance producer or title insurance agent licensed under
7 chapter 48.17 RCW or a surplus line broker licensed under chapter 48.15
8 RCW; as to such persons, the amount of the tax with respect to such
9 licensed activities is equal to the gross income of such business
10 multiplied by the rate of 0.484 percent.

11 (10) Upon every person engaging within this state in business as a
12 hospital, as defined in chapter 70.41 RCW, that is operated as a
13 nonprofit corporation or by the state or any of its political
14 subdivisions, as to such persons, the amount of tax with respect to
15 such activities is equal to the gross income of the business multiplied
16 by the rate of (~~0.75 percent through June 30, 1995, and~~) 1.5 percent
17 (~~thereafter~~).

18 (11)(a) Beginning October 1, 2005, upon every person engaging
19 within this state in the business of manufacturing commercial
20 airplanes, or components of such airplanes, or making sales, at retail
21 or wholesale, of commercial airplanes or components of such airplanes,
22 manufactured by the seller, as to such persons the amount of tax with
23 respect to such business is, in the case of manufacturers, equal to the
24 value of the product manufactured and the gross proceeds of sales of
25 the product manufactured, or in the case of processors for hire, equal
26 to the gross income of the business, multiplied by the rate of:

- 27 (i) 0.4235 percent from October 1, 2005, through June 30, 2007; and
28 (ii) 0.2904 percent beginning July 1, 2007.

29 (b) Beginning July 1, 2008, upon every person who is not eligible
30 to report under the provisions of (a) of this subsection (11) and is
31 engaging within this state in the business of manufacturing tooling
32 specifically designed for use in manufacturing commercial airplanes or
33 components of such airplanes, or making sales, at retail or wholesale,
34 of such tooling manufactured by the seller, as to such persons the
35 amount of tax with respect to such business is, in the case of
36 manufacturers, equal to the value of the product manufactured and the
37 gross proceeds of sales of the product manufactured, or in the case of

1 processors for hire, be equal to the gross income of the business,
2 multiplied by the rate of 0.2904 percent.

3 (c) For the purposes of this subsection (11), "commercial airplane"
4 and "component" have the same meanings as provided in RCW 82.32.550.

5 (d) In addition to all other requirements under this title, a
6 person reporting under the tax rate provided in this subsection (11)
7 must file a complete annual report with the department under RCW
8 82.32.534.

9 (e) This subsection (11) does not apply on and after July 1, 2024.

10 (12)(a) Until July 1, 2024, upon every person engaging within this
11 state in the business of extracting timber or extracting for hire
12 timber; as to such persons the amount of tax with respect to the
13 business is, in the case of extractors, equal to the value of products,
14 including by-products, extracted, or in the case of extractors for
15 hire, equal to the gross income of the business, multiplied by the rate
16 of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904
17 percent from July 1, 2007, through June 30, 2024.

18 (b) Until July 1, 2024, upon every person engaging within this
19 state in the business of manufacturing or processing for hire: (i)
20 Timber into timber products or wood products; or (ii) timber products
21 into other timber products or wood products; as to such persons the
22 amount of the tax with respect to the business is, in the case of
23 manufacturers, equal to the value of products, including by-products,
24 manufactured, or in the case of processors for hire, equal to the gross
25 income of the business, multiplied by the rate of 0.4235 percent from
26 July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1,
27 2007, through June 30, 2024.

28 (c) Until July 1, 2024, upon every person engaging within this
29 state in the business of selling at wholesale: (i) Timber extracted by
30 that person; (ii) timber products manufactured by that person from
31 timber or other timber products; or (iii) wood products manufactured by
32 that person from timber or timber products; as to such persons the
33 amount of the tax with respect to the business is equal to the gross
34 proceeds of sales of the timber, timber products, or wood products
35 multiplied by the rate of 0.4235 percent from July 1, 2006, through
36 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
37 2024.

1 (d) Until July 1, 2024, upon every person engaging within this
2 state in the business of selling standing timber; as to such persons
3 the amount of the tax with respect to the business is equal to the
4 gross income of the business multiplied by the rate of 0.2904 percent.
5 For purposes of this subsection (12)(d), "selling standing timber"
6 means the sale of timber apart from the land, where the buyer is
7 required to sever the timber within thirty months from the date of the
8 original contract, regardless of the method of payment for the timber
9 and whether title to the timber transfers before, upon, or after
10 severance.

11 (e) For purposes of this subsection, the following definitions
12 apply:

13 (i) "Biocomposite surface products" means surface material products
14 containing, by weight or volume, more than fifty percent recycled paper
15 and that also use nonpetroleum-based phenolic resin as a bonding agent.

16 (ii) "Paper and paper products" means products made of interwoven
17 cellulosic fibers held together largely by hydrogen bonding. "Paper
18 and paper products" includes newsprint; office, printing, fine, and
19 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
20 kraft bag, construction, and other kraft industrial papers; paperboard,
21 liquid packaging containers, containerboard, corrugated, and solid-
22 fiber containers including linerboard and corrugated medium; and
23 related types of cellulosic products containing primarily, by weight or
24 volume, cellulosic materials. "Paper and paper products" does not
25 include books, newspapers, magazines, periodicals, and other printed
26 publications, advertising materials, calendars, and similar types of
27 printed materials.

28 (iii) "Recycled paper" means paper and paper products having fifty
29 percent or more of their fiber content that comes from postconsumer
30 waste. For purposes of this subsection (12)(e)(iii), "postconsumer
31 waste" means a finished material that would normally be disposed of as
32 solid waste, having completed its life cycle as a consumer item.

33 (iv) "Timber" means forest trees, standing or down, on privately or
34 publicly owned land. "Timber" does not include Christmas trees that
35 are cultivated by agricultural methods or short-rotation hardwoods as
36 defined in RCW 84.33.035.

37 (v) "Timber products" means:

1 (A) Logs, wood chips, sawdust, wood waste, and similar products
2 obtained wholly from the processing of timber, short-rotation hardwoods
3 as defined in RCW 84.33.035, or both;

4 (B) Pulp, including market pulp and pulp derived from recovered
5 paper or paper products; and

6 (C) Recycled paper, but only when used in the manufacture of
7 biocomposite surface products.

8 (vi) "Wood products" means paper and paper products; dimensional
9 lumber; engineered wood products such as particleboard, oriented strand
10 board, medium density fiberboard, and plywood; wood doors; wood
11 windows; and biocomposite surface products.

12 (f) Except for small harvesters as defined in RCW 84.33.035, a
13 person reporting under the tax rate provided in this subsection (12)
14 must file a complete annual survey with the department under RCW
15 82.32.585.

16 (13) Until July 1, 2017, upon every person engaging within this
17 state in inspecting, testing, labeling, and storing canned salmon owned
18 by another person, as to such persons, the amount of tax with respect
19 to such activities is equal to the gross income derived from such
20 activities multiplied by the rate of 0.484 percent.

21 (14)(a) Until July 1, 2017, upon every person engaging within this
22 state in the business of printing a newspaper, publishing a newspaper,
23 or both, the amount of tax on such business is equal to the gross
24 income of the business multiplied by the rate of 0.2904 percent.

25 (b) A person reporting under the tax rate provided in this
26 subsection (14) must file a complete annual report with the department
27 under RCW 82.32.534.

28 (15) Subsequent to the expiration of a tax rate under this section,
29 the activity is subject to the rate that would otherwise apply under
30 this chapter.

31 **Sec. 210.** RCW 82.04.280 and 2010 c 106 s 205 are each amended to
32 read as follows:

33 (1) Upon every person engaging within this state in the business
34 of: (a) Printing materials other than newspapers, and of publishing
35 periodicals or magazines; (b) building, repairing or improving any
36 street, place, road, highway, easement, right-of-way, mass public
37 transportation terminal or parking facility, bridge, tunnel, or trestle

1 which is owned by a municipal corporation or political subdivision of
2 the state or by the United States and which is used or to be used,
3 primarily for foot or vehicular traffic including mass transportation
4 vehicles of any kind and including any readjustment, reconstruction or
5 relocation of the facilities of any public, private or cooperatively
6 owned utility or railroad in the course of such building, repairing or
7 improving, the cost of which readjustment, reconstruction, or
8 relocation, is the responsibility of the public authority whose street,
9 place, road, highway, easement, right-of-way, mass public
10 transportation terminal or parking facility, bridge, tunnel, or trestle
11 is being built, repaired or improved; (c) extracting for hire or
12 processing for hire, except persons taxable as extractors for hire or
13 processors for hire under another section of this chapter; (d)
14 operating a cold storage warehouse or storage warehouse, but not
15 including the rental of cold storage lockers; (e) representing and
16 performing services for fire or casualty insurance companies as an
17 independent resident managing general agent licensed under the
18 provisions of chapter 48.17 RCW; (f) radio and television broadcasting,
19 excluding network, national and regional advertising computed as a
20 standard deduction based on the national average thereof as annually
21 reported by the federal communications commission, or in lieu thereof
22 by itemization by the individual broadcasting station, and excluding
23 that portion of revenue represented by the out-of-state audience
24 computed as a ratio to the station's total audience as measured by the
25 100 micro-volt signal strength and delivery by wire, if any; (g)
26 engaging in activities which bring a person within the definition of
27 consumer contained in RCW 82.04.190(6); as to such persons, the amount
28 of tax on such business is equal to the gross income of the business
29 multiplied by the rate of 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 (3) The 0.484 percent tax rate applicable to subsection (1)(a),
14 (d), (e), and (f) of this section does not apply on or after July 1,
15 2017.

16 **Sec. 211.** RCW 82.04.280 and 2010 c 106 s 206 are each amended to
17 read as follows:

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

1 performing services for fire or casualty insurance companies as an
2 independent resident managing general agent licensed under the
3 provisions of chapter 48.17 RCW; (f) radio and television broadcasting,
4 excluding network, national and regional advertising computed as a
5 standard deduction based on the national average thereof as annually
6 reported by the federal communications commission, or in lieu thereof
7 by itemization by the individual broadcasting station, and excluding
8 that portion of revenue represented by the out-of-state audience
9 computed as a ratio to the station's total audience as measured by the
10 100 micro-volt signal strength and delivery by wire, if any; (g)
11 engaging in activities which bring a person within the definition of
12 consumer contained in RCW 82.04.190(6); as to such persons, the amount
13 of tax on such business is equal to the gross income of the business
14 multiplied by the rate of 0.484 percent.

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

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

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

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

36 (3) The 0.484 percent tax rate applicable to subsection (1)(a),
37 (d), (e), and (f) of this section does not apply on or after July 1,
38 2017.

1 **Sec. 212.** RCW 82.04.290 and 2011 c 174 s 101 are each amended to
2 read as follows:

3 (1) Until July 1, 2017, upon every person engaging within this
4 state in the business of providing international investment management
5 services, as to such persons, the amount of tax with respect to such
6 business (~~shall be~~) is equal to the gross income or gross proceeds of
7 sales of the business multiplied by a rate of 0.275 percent.

8 (2)(a) Upon every person engaging within this state in any business
9 activity other than or in addition to an activity taxed explicitly
10 under another section in this chapter or subsection (1) or (3) of this
11 section; as to such persons the amount of tax on account of such
12 activities (~~shall be~~) is equal to the gross income of the business
13 multiplied by the rate of 1.5 percent.

14 (b) This subsection (2) includes, among others, and without
15 limiting the scope hereof (whether or not title to materials used in
16 the performance of such business passes to another by accession,
17 confusion or other than by outright sale), persons engaged in the
18 business of rendering any type of service which does not constitute a
19 "sale at retail" or a "sale at wholesale." The value of advertising,
20 demonstration, and promotional supplies and materials furnished to an
21 agent by his or her principal or supplier to be used for informational,
22 educational, and promotional purposes (~~shall~~) is not (~~be~~)
23 considered a part of the agent's remuneration or commission and
24 (~~shall~~) is not (~~be~~) subject to taxation under this section.

25 (3)(a) Until July 1, 2024, upon every person engaging within this
26 state in the business of performing aerospace product development for
27 others, as to such persons, the amount of tax with respect to such
28 business (~~shall be~~) is equal to the gross income of the business
29 multiplied by a rate of 0.9 percent.

30 (b) "Aerospace product development" has the meaning as provided in
31 RCW 82.04.4461.

32 **Sec. 213.** RCW 82.04.360 and 2010 1st sp.s. c 23 s 702 are each
33 amended to read as follows:

34 (1) This chapter does not apply to any person in respect to his or
35 her employment in the capacity of an employee or servant as
36 distinguished from that of an independent contractor. Until July 1,
37 2017, and for the purposes of this section, the definition of employee

1 includes those persons that are defined in section 3121(d)(3)(B) of the
2 federal internal revenue code of 1986, as amended through January 1,
3 1991.

4 (2) Until July 1, 2010, this chapter does not apply to amounts
5 received by an individual from a corporation as compensation for
6 serving as a member of that corporation's board of directors.
7 Beginning on July 1, 2010, such amounts are taxable under RCW
8 82.04.290(2).

9 (3) A booth renter is an independent contractor for purposes of
10 this chapter. For purposes of this section, "booth renter" means any
11 person who:

12 (a) Performs cosmetology, barbering, esthetics, or manicuring
13 services for which a license is required under chapter 18.16 RCW; and

14 (b) Pays a fee for the use of salon or shop facilities and receives
15 no compensation or other consideration from the owner of the salon or
16 shop for the services performed.

17 **Sec. 214.** RCW 82.62.020 and 2007 c 485 s 2 are each amended to
18 read as follows:

19 Application for tax credits under this chapter must be made within
20 ninety consecutive days after the first qualified employment position
21 is filled. The application (~~(shall)~~) must be made to the department in
22 a form and manner prescribed by the department. The application
23 (~~(shall)~~) must contain information regarding the location of the
24 business project, the applicant's average employment, if any, at the
25 facility for the four consecutive full calendar quarters immediately
26 preceding the earlier of the calendar quarter during which the
27 application required by this section is submitted to the department or
28 the first qualified employment position is filled, estimated or actual
29 new employment related to the project, estimated or actual wages of
30 employees related to the project, estimated or actual costs, time
31 schedules for completion and operation, and other information required
32 by the department. The department (~~(shall)~~) must prescribe a method
33 for calculating a seasonal employer's average employment levels. The
34 department (~~(shall)~~) must rule on the application within sixty days.
35 The department may not accept applications after June 30, 2017.

1 **Sec. 215.** RCW 82.73.020 and 2005 c 514 s 903 are each amended to
2 read as follows:

3 (1) Application for tax credits under this chapter must be made to
4 the department before making a contribution to a program or the main
5 street trust fund. The application (~~shall~~) must be made to the
6 department in a form and manner prescribed by the department. The
7 application (~~shall~~) must contain information regarding the proposed
8 amount of contribution to a program or the main street trust fund, and
9 other information required by the department to determine eligibility
10 under chapter 514, Laws of 2005. The department (~~shall~~) must rule on
11 the application within forty-five days. Applications (~~shall~~) must be
12 approved on a first-come basis.

13 (2) The person must make the contribution described in the approved
14 application by the end of the calendar year in which the application is
15 approved to claim a credit allowed under RCW 82.73.030.

16 (3) The department (~~shall~~) may not accept any applications before
17 January 1, 2006, or after June 30, 2017.

18 **Sec. 216.** RCW 82.04.310 and 2010 c 295 s 1 are each amended to
19 read as follows:

20 (1) This chapter does not apply to any person in respect to a
21 business activity with respect to which tax liability is specifically
22 imposed under the provisions of chapter 82.16 RCW including amounts
23 derived from activities for which a deduction is allowed under RCW
24 82.16.050.

25 (2) Until July 1, 2015, this chapter does not apply to amounts
26 received by any person for the sale of electrical energy for resale
27 within or outside the state.

28 (3)(a) This chapter does not apply to amounts received by any
29 person for the sale of natural or manufactured gas in a calendar year
30 if that person sells within the United States a total amount of natural
31 or manufactured gas in that calendar year that is no more than twenty
32 percent of the amount of natural or manufactured gas that it consumes
33 within the United States in the same calendar year.

34 (b) For purposes of determining whether a person has sold within
35 the United States a total amount of natural or manufactured gas in a
36 calendar year that is no more than twenty percent of the amount of

1 natural or manufactured gas that it consumes within the United States
2 in the same calendar year, the following transfers of gas are not
3 considered to be the sale of natural or manufactured gas:

4 (i) The transfer of any natural or manufactured gas as a result of
5 the acquisition of another business, through merger or otherwise; or

6 (ii) The transfer of any natural or manufactured gas accomplished
7 solely to comply with federal regulatory requirements imposed on the
8 pipeline transportation of such gas when it is shipped by a third-party
9 manager of a person's pipeline transportation.

10 (4) This chapter does not apply to amounts received by any person
11 in the form of credits against power contracts with the Bonneville
12 power administration, or funds provided by the Bonneville power
13 administration, for the purpose of implementing energy conservation
14 programs or demand-side management programs.

15 **Sec. 217.** RCW 82.04.310 and 2007 c 58 s 1 are each amended to read
16 as follows:

17 (1) Until July 1, 2019, this chapter ((shall)) does not apply to
18 any person in respect to a business activity with respect to which tax
19 liability is specifically imposed under the provisions of chapter 82.16
20 RCW including amounts derived from activities for which a deduction is
21 allowed under RCW 82.16.050.

22 (2) Until July 1, 2017, this chapter does not apply to amounts
23 received by any person for the sale of electrical energy for resale
24 within or outside the state.

25 (3)(a) This chapter does not apply to amounts received by any
26 person for the sale of natural or manufactured gas in a calendar year
27 if that person sells within the United States a total amount of natural
28 or manufactured gas in that calendar year that is no more than twenty
29 percent of the amount of natural or manufactured gas that it consumes
30 within the United States in the same calendar year.

31 (b) For purposes of determining whether a person has sold within
32 the United States a total amount of natural or manufactured gas in a
33 calendar year that is no more than twenty percent of the amount of
34 natural or manufactured gas that it consumes within the United States
35 in the same calendar year, the following transfers of gas are not
36 considered to be the sale of natural or manufactured gas:

1 (i) The transfer of any natural or manufactured gas as a result of
2 the acquisition of another business, through merger or otherwise; or
3 (ii) The transfer of any natural or manufactured gas accomplished
4 solely to comply with federal regulatory requirements imposed on the
5 pipeline transportation of such gas when it is shipped by a third-party
6 manager of a person's pipeline transportation.

7 **PART III**
8 **Miscellaneous Provisions**

9 NEW SECTION. **Sec. 301.** If section 211 of this act takes effect,
10 section 210 of this act expires on the date section 211 of this act
11 takes effect.

12 NEW SECTION. **Sec. 302.** Section 216 of this act expires June 30,
13 2015.

14 NEW SECTION. **Sec. 303.** Section 217 of this act takes effect June
15 30, 2015.

--- END ---