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HOUSE BILL 2631

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State of Washington                      62nd Legislature                      2012 Regular Session

By Representatives Fitzgibbon and Cody

Read first time 01/19/12. Referred to Committee on Ways & Means.

1            AN ACT Relating to the business and occupation taxation of  
2 newspapers and local interest web sites; amending RCW 82.04.214 and  
3 82.04.260; and providing an effective date.

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

5            **Sec. 1.** RCW 82.04.214 and 2008 c 273 s 1 are each amended to read  
6 as follows:

7            (1)((~~(a) Until June 30, 2011,~~)) "Newspaper" means:

8            ((~~(i)~~)) (a) A publication issued regularly at stated intervals at  
9 least twice a month and printed on newsprint in tabloid or broadsheet  
10 format folded loosely together without stapling, glue, or any other  
11 binding of any kind, including any supplement of a printed newspaper;  
12 and

13            ((~~(ii)~~)) (b) An electronic version of a printed newspaper that:

14            ((~~(A)~~)) (i) Shares content with the printed newspaper; and

15            ((~~(B)~~)) (ii) Is prominently identified by the same name as the  
16 printed newspaper or otherwise conspicuously indicates that it is a  
17 complement to the printed newspaper.

18            ((~~(b)~~)) (2) For purposes of this section(~~(7)~~):

1        (a) "Local interest web site" means an internet web site that is  
2 normally updated more than once a day and which is substantially  
3 dedicated to local interests tailored to a general circulation area of  
4 a county or smaller.

5        (b) "Supplement" means a printed publication, including a magazine  
6 or advertising section, that is:

7            (i) Labeled and identified as part of the printed newspaper; and

8            (ii) Circulated or distributed:

9            (A) As an insert or attachment to the printed newspaper; or

10           (B) Separate and apart from the printed newspaper so long as the  
11 distribution is within the general circulation area of the newspaper.

12        ~~((2) Beginning July 1, 2011, "newspaper" means a publication~~  
13 ~~issued regularly at stated intervals at least twice a month and printed~~  
14 ~~on newsprint in tabloid or broadsheet format folded loosely together~~  
15 ~~without stapling, glue, or any other binding of any kind, including any~~  
16 ~~supplement of a printed newspaper as defined in subsection (1)(b) of~~  
17 ~~this section.))~~

18        **Sec. 2.** RCW 82.04.260 and 2011 c 2 s 203 (Initiative Measure No.  
19 1107) are each amended to read as follows:

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

22           (a) Wheat into flour, barley into pearl barley, soybeans into  
23 soybean oil, canola into canola oil, canola meal, or canola by-  
24 products, or sunflower seeds into sunflower oil; as to such persons the  
25 amount of tax with respect to such business is equal to the value of  
26 the flour, pearl barley, oil, canola meal, or canola by-product  
27 manufactured, multiplied by the rate of 0.138 percent;

28           (b) Beginning July 1, 2012, seafood products that remain in a raw,  
29 raw frozen, or raw salted state at the completion of the manufacturing  
30 by that person; or selling manufactured seafood products that remain in  
31 a raw, raw frozen, or raw salted state at the completion of the  
32 manufacturing, to purchasers who transport in the ordinary course of  
33 business the goods out of this state; as to such persons the amount of  
34 tax with respect to such business is equal to the value of the products  
35 manufactured or the gross proceeds derived from such sales, multiplied  
36 by the rate of 0.138 percent. Sellers must keep and preserve records

1 for the period required by RCW 82.32.070 establishing that the goods  
2 were transported by the purchaser in the ordinary course of business  
3 out of this state;

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

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

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

32 (f) Wood biomass fuel as defined in RCW 82.29A.135; as to such  
33 persons the amount of tax with respect to the business is equal to the  
34 value of wood biomass fuel manufactured, multiplied by the rate of  
35 0.138 percent.

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

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

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

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

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

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

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

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

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

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

25 (9) Upon every person engaging within this state as an insurance  
26 producer or title insurance agent licensed under chapter 48.17 RCW or  
27 a surplus line broker licensed under chapter 48.15 RCW; as to such  
28 persons, the amount of the tax with respect to such licensed activities  
29 is equal to the gross income of such business multiplied by the rate of  
30 0.484 percent.

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

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

10 (i) 0.4235 percent from October 1, 2005, through June 30, 2007; and

11 (ii) 0.2904 percent beginning July 1, 2007.

12 (b) Beginning July 1, 2008, upon every person who is not eligible  
13 to report under the provisions of (a) of this subsection (11) and is  
14 engaging within this state in the business of manufacturing tooling  
15 specifically designed for use in manufacturing commercial airplanes or  
16 components of such airplanes, or making sales, at retail or wholesale,  
17 of such tooling manufactured by the seller, as to such persons the  
18 amount of tax with respect to such business is, in the case of  
19 manufacturers, equal to the value of the product manufactured and the  
20 gross proceeds of sales of the product manufactured, or in the case of  
21 processors for hire, be equal to the gross income of the business,  
22 multiplied by the rate of 0.2904 percent.

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

25 (d) In addition to all other requirements under this title, a  
26 person reporting under the tax rate provided in this subsection (11)  
27 must file a complete annual report with the department under RCW  
28 82.32.534.

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

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

1 (b) Until July 1, 2024, upon every person engaging within this  
2 state in the business of manufacturing or processing for hire: (i)  
3 Timber into timber products or wood products; or (ii) timber products  
4 into other timber products or wood products; as to such persons the  
5 amount of the tax with respect to the business is, in the case of  
6 manufacturers, equal to the value of products, including by-products,  
7 manufactured, or in the case of processors for hire, equal to the gross  
8 income of the business, multiplied by the rate of 0.4235 percent from  
9 July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1,  
10 2007, through June 30, 2024.

11 (c) Until July 1, 2024, upon every person engaging within this  
12 state in the business of selling at wholesale: (i) Timber extracted by  
13 that person; (ii) timber products manufactured by that person from  
14 timber or other timber products; or (iii) wood products manufactured by  
15 that person from timber or timber products; as to such persons the  
16 amount of the tax with respect to the business is equal to the gross  
17 proceeds of sales of the timber, timber products, or wood products  
18 multiplied by the rate of 0.4235 percent from July 1, 2006, through  
19 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,  
20 2024.

21 (d) Until July 1, 2024, upon every person engaging within this  
22 state in the business of selling standing timber; as to such persons  
23 the amount of the tax with respect to the business is equal to the  
24 gross income of the business multiplied by the rate of 0.2904 percent.  
25 For purposes of this subsection (12)(d), "selling standing timber"  
26 means the sale of timber apart from the land, where the buyer is  
27 required to sever the timber within thirty months from the date of the  
28 original contract, regardless of the method of payment for the timber  
29 and whether title to the timber transfers before, upon, or after  
30 severance.

31 (e) For purposes of this subsection, the following definitions  
32 apply:

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

36 (ii) "Paper and paper products" means products made of interwoven  
37 cellulosic fibers held together largely by hydrogen bonding. "Paper  
38 and paper products" includes newsprint; office, printing, fine, and

1 pressure-sensitive papers; paper napkins, towels, and toilet tissue;  
2 kraft bag, construction, and other kraft industrial papers; paperboard,  
3 liquid packaging containers, containerboard, corrugated, and solid-  
4 fiber containers including linerboard and corrugated medium; and  
5 related types of cellulosic products containing primarily, by weight or  
6 volume, cellulosic materials. "Paper and paper products" does not  
7 include books, newspapers, magazines, periodicals, and other printed  
8 publications, advertising materials, calendars, and similar types of  
9 printed materials.

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

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

19 (v) "Timber products" means:

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

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

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

27 (vi) "Wood products" means paper and paper products; dimensional  
28 lumber; engineered wood products such as particleboard, oriented strand  
29 board, medium density fiberboard, and plywood; wood doors; wood  
30 windows; and biocomposite surface products.

31 (f) Except for small harvesters as defined in RCW 84.33.035, a  
32 person reporting under the tax rate provided in this subsection (12)  
33 must file a complete annual survey with the department under RCW  
34 82.32.585.

35 (13) Upon every person engaging within this state in inspecting,  
36 testing, labeling, and storing canned salmon owned by another person,  
37 as to such persons, the amount of tax with respect to such activities



1 is equal to the gross income derived from such activities multiplied by  
2 the rate of 0.484 percent.

3 (14)(a) Upon every person engaging within this state in the  
4 business of printing a newspaper, publishing a newspaper, (~~or both~~)  
5 publishing a local interest web site, or a combination of these  
6 activities, the amount of tax on such business is equal to the gross  
7 income of the business multiplied by the rate of (~~0.2904~~) 0.403  
8 percent through June 30, 2013, and beginning July 1, 2013, by the rate  
9 of 0.383 percent.

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

13 NEW SECTION. **Sec. 3.** This act takes effect July 1, 2012.

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