
SENATE BILL 6176

State of Washington

62nd Legislature

2012 Regular Session

By Senators Kilmer, Hobbs, Rolfes, Shin, Conway, and Zarelli; by request of Governor Gregoire

Read first time 01/13/12. Referred to Committee on Ways & Means.

1 AN ACT Relating to improving the business climate in this state by
2 simplifying state and local tax and licensing systems; amending RCW
3 35.102.020, 35.102.030, 35.102.040, 35.102.050, 35.102.120, 35.102.140,
4 35.102.160, 35.102.130, 82.14A.020, 82.04.462, 15.13.250, 15.13.250,
5 15.13.280, 15.13.290, 15.49.011, 15.49.380, 15.49.390, 15.54.275,
6 15.58.180, 15.58.235, 18.44.031, 18.64.044, 19.02.010, 19.02.030,
7 19.02.035, 19.02.070, 19.02.075, 19.02.080, 19.02.085, 19.02.090,
8 19.02.100, 19.02.110, 19.02.115, 19.02.210, 19.02.310, 19.02.800,
9 19.02.890, 19.80.010, 19.80.075, 19.94.2582, 35.21.392, 35.21.392,
10 35A.21.340, 36.110.130, 43.22.035, 46.72A.020, 50.12.290, 59.30.050,
11 59.30.090, 69.25.050, 69.25.060, 70.290.030, 76.48.121, 82.24.510,
12 82.24.520, 82.26.150, 90.76.010, 90.76.020, 82.04.060, 82.04.230,
13 82.04.240, 82.04.255, 82.04.260, 82.04.280, 82.04.285, 82.04.290,
14 35.102.150, 48.14.080, 82.04.051, 82.04.257, 82.04.261, 82.04.270,
15 82.04.29001, 82.04.29002, 82.04.293, 82.04.297, 82.04.298, 82.04.334,
16 82.04.360, 82.04.440, 82.04.4451, 82.04.44525, 82.04.4463, 82.04.4483,
17 82.04.460, 82.04.540, 82.04.620, 82.08.806, 82.16.100, 82.32.045,
18 82.32.533, 82.45.195, 35.102.070, 35.102.080, 35.102.090, and
19 35.102.145; reenacting and amending RCW 15.58.030, 18.64.011,
20 19.02.020, 19.94.015, 69.25.020, 82.04.250, 82.32.790, 82.32.080,
21 34.05.328, and 43.84.092; adding new sections to chapter 35.102 RCW;

1 adding a new section to chapter 19.02 RCW; adding a new section to
2 chapter 19.80 RCW; adding a new section to chapter 70.290 RCW; adding
3 new sections to chapter 82.04 RCW; adding a new section to chapter
4 82.16 RCW; adding a new chapter to Title 35 RCW; creating new sections;
5 repealing RCW 19.02.220, 19.02.810, 19.80.065, 43.24.160, 82.04.2404,
6 82.04.272, 82.04.2905, 82.04.2906, 82.04.2907, 82.04.2908, 82.04.2909,
7 and 82.04.294; repealing 2010 c 114 s 104; repealing 2003 c 149 s 3;
8 repealing 2010 c 106 s 206; repealing 2009 c 461 s 3; repealing 2006 c
9 300 s 7; repealing 2003 c 149 s 4; prescribing penalties; providing
10 effective dates; providing a contingent effective date; and providing
11 an expiration date.

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

13 NEW SECTION. **Sec. 1.** (1) The legislature finds that small
14 businesses are the backbone of our economy, creating two out of every
15 three new jobs. The legislature further finds that during these tough
16 economic times, it has never been more necessary to support small
17 businesses so that they can focus on what they do best--running and
18 growing their businesses.

19 (2) The governor issued Executive Order 10-05 on October 26, 2010.
20 This executive order charged the department of revenue with exploring,
21 evaluating, and recommending tax simplification solutions to help small
22 businesses by reducing the complexity of the state's tax system.

23 (3) Following extensive outreach with small business owners,
24 business associations, tax practitioners, and local government
25 officials, the department of revenue issued its report to the governor
26 on June 29, 2011. Key findings and recommendations from the
27 department's report include:

28 (a) Small businesses struggle with business and occupation (B&O)
29 tax reporting, particularly when they are subject to B&O taxes in one
30 or more of the thirty-nine cities that currently impose a B&O tax.

31 (b) Despite 2003 legislation requiring a model B&O tax ordinance
32 for municipal B&O taxes, there are still significant differences
33 between the state's B&O tax system, the model B&O tax ordinance, and
34 each city's B&O tax system.

35 (c) The state's B&O tax system has over fifty tax classifications.
36 A business must report under one or more tax classifications depending

1 on its business activities. The large number of tax classifications
2 creates complexity for small businesses as they attempt to determine
3 which classification or classifications they must report under.

4 (d) Local business licensing requirements are a significant burden
5 on small businesses. Approximately two hundred twelve of the two
6 hundred eighty cities in Washington require a license to engage in
7 business within the city. Fees associated with city business licenses
8 vary from flat-rate charges to fees based on one or more factors,
9 including employee count, square footage occupied, and business type.

10 (e) State and local B&O tax administration should be centralized as
11 is done today with sales tax. Centralizing the administration of state
12 and local B&O taxes would provide one of the greatest simplifications
13 for small businesses with the least impact on local governments.
14 Centralized B&O tax reporting would provide businesses with one place
15 to go for information and reduce the number of forms required to be
16 filed. It would also involve reducing the number of tax
17 classifications and providing greater uniformity of tax classifications
18 and definitions.

19 (f) Work should continue on integration of state systems working
20 toward a goal of a single internet business portal for small businesses
21 to use to interact with the state.

22 (4) The legislature concurs with the key findings and
23 recommendations as summarized in subsection (3) of this section. Based
24 on these findings and recommendations, the legislature intends to
25 pursue a long-term vision of a single internet portal for business
26 licensing, registration, and tax reporting, to include both state and
27 local governments. The legislature recognizes that implementing this
28 vision will require a significant investment in resources, both human
29 and financial, and will take a considerable amount of time to fully
30 achieve. Therefore, the legislature intends by this act to begin the
31 tax and licensing simplification process by reducing the number of
32 state B&O tax classifications; requiring greater uniformity between
33 local B&O taxes and the state B&O tax, with a goal of state-level
34 administration of all local B&O taxes by January 1, 2015, or as soon
35 thereafter as possible; and simplifying local business licensing to
36 facilitate the transition to mandatory issuance and renewal of local
37 business licenses through the state's business licensing system by July

1 1, 2014, or as soon thereafter as possible, for cities imposing a B&O
2 tax, and by January 1, 2018, or as soon thereafter as possible, for all
3 other cities and towns that have a business licensing requirement.

4 **PART I**

5 **INCREASING UNIFORMITY BETWEEN STATE AND LOCAL B&O TAXES**

6 **Sec. 101.** RCW 35.102.020 and 2007 c 6 s 1021 are each amended to
7 read as follows:

8 ~~((Chapter 79, Laws of 2003))~~ (1) This chapter does not apply to
9 utility taxes ((on any service)) imposed by a city. For purposes of
10 this subsection, "utility tax" means a tax that historically or
11 traditionally has been ((taxed as a)) imposed on utility ((business))
12 businesses for municipal tax purposes((, such as:

13 ~~(1) A light and power business or a natural gas distribution~~
14 ~~business, as defined in RCW 82.16.010;~~

15 ~~(2) A telephone business, as defined in RCW 82.16.010;~~

16 ~~(3) Cable television services;~~

17 ~~(4) Sewer or water services;~~

18 ~~(5) Drainage services;~~

19 ~~(6) Solid waste services; or~~

20 ~~(7) Steam services)).~~

21 (2) Notwithstanding subsection (1) of this section, city business
22 and occupation taxes apply to business activities that have
23 historically been taxed under a city's utility tax, such as cable
24 television service and telecommunications service, to the extent that
25 such activities are subject to state business and occupation tax.
26 Nothing in this chapter prevents a city from taxing business activities
27 under both its business and occupation tax and utility tax. However,
28 a city is free to exempt an activity from either or both of its utility
29 tax and business and occupation tax if such activity would otherwise be
30 subject to both taxes.

31 (3) No city may tax an activity under its business and occupation
32 tax if such activity is subject to the state public utility tax under
33 chapter 82.16 RCW. However, a city may tax such activities under the
34 city's utility tax.

1 **Sec. 102.** RCW 35.102.030 and 2003 c 79 s 3 are each amended to
2 read as follows:

3 The definitions in this section apply throughout this chapter (~~(79,~~
4 ~~Laws of 2003))~~), unless the context clearly requires otherwise.

5 (1) "Business" has the same meaning as given in chapter 82.04 RCW.

6 (2) "City" means a city, town, or code city.

7 (3) "Business and occupation tax" or "gross receipts tax" means a
8 tax imposed on or measured by the value of products, the gross income
9 of the business, or the gross proceeds of sales, as the case may be,
10 and that is the legal liability of the business.

11 (4) "Value of products" has the same meaning as given in chapter
12 82.04 RCW.

13 (5) "Gross income of the business" has the same meaning as given in
14 chapter 82.04 RCW.

15 (6) "Gross proceeds of sales" has the same meaning as given in
16 chapter 82.04 RCW.

17 (7) "Department" means the department of revenue.

18 (8) "State business and occupation tax" means the tax imposed in
19 chapter 82.04 RCW.

20 (9) "State business and occupation tax definitions" means the
21 definitions in chapter 82.04 RCW, rules adopted by the department to
22 administer chapter 82.04 RCW, and interpretive statements or other
23 public guidance issued by the department relating to the tax imposed in
24 chapter 82.04 RCW.

25 (10) "City business and occupation tax" means a business and
26 occupation tax imposed by a city.

27 (11) "Service and other business activities classification" means
28 the classification under which an activity is taxed if it is not taxed
29 under some other classification.

30 **Sec. 103.** RCW 35.102.040 and 2010 c 271 s 706 are each amended to
31 read as follows:

32 (1)(a) (~~(The cities, working through the association of Washington~~
33 ~~cities, shall form a model ordinance development committee made up of~~
34 ~~a representative sampling of cities that as of July 27, 2003, impose a~~
35 ~~business and occupation tax. This committee shall work through the~~
36 ~~association of Washington cities to adopt a model ordinance on~~
37 ~~municipal gross receipts business and occupation tax. The model~~

1 ~~ordinance and subsequent amendments shall))~~ After June 30, 2012, only
2 the department may amend the city business and occupation tax model
3 ordinance. Beginning July 1, 2012, the department may amend the model
4 ordinance as it deems appropriate. Amendments, other than those
5 required to conform with changes to state law, must be adopted using a
6 process that includes opportunity for substantial input from cities,
7 individually or through the association of Washington cities, business
8 stakeholders, and other members of the public. Input ~~((shall))~~ must be
9 solicited from statewide business associations and from local chambers
10 of commerce and downtown business associations in cities that levy a
11 business and occupation tax.

12 (b) The department of commerce ~~((shall))~~ must contract to post the
13 model ordinance on an internet web site and to make paper copies
14 available for inspection upon request. The department of revenue and
15 the department of licensing ~~((shall))~~ must post copies of or links to
16 the model ordinance on their internet web sites. Additionally, a city
17 that imposes a business and occupation tax must make copies of its
18 ordinance available for inspection and copying as provided in chapter
19 42.56 RCW.

20 ~~((c) The definitions and tax classifications in the model~~
21 ~~ordinance may not be amended more frequently than once every four~~
22 ~~years, however the model ordinance may be amended at any time to comply~~
23 ~~with changes in state law. Any amendment to a mandatory provision of~~
24 ~~the model ordinance must be adopted with the same effective date by all~~
25 ~~cities.))~~

26 (2) A city that imposes a business and occupation tax must adopt
27 the mandatory provisions of the model ordinance. The following
28 provisions are mandatory:

29 (a) A system of credits that meets the requirements of RCW
30 35.102.060 and a form for such use;

31 (b) A uniform, minimum small business tax threshold of at least the
32 equivalent of twenty thousand dollars in gross income annually. A city
33 may elect to deviate from this requirement by creating a higher
34 threshold or exemption, but it ~~((shall))~~ may not deviate lower than the
35 level required in this subsection~~((.~~ ~~If a city has a small business~~
36 ~~threshold or exemption in excess of that provided in this subsection as~~
37 ~~of January 1, 2003, and chooses to deviate below the threshold or~~
38 ~~exemption level that was in place as of January 1, 2003, the city must~~

1 ~~notify all businesses licensed to do business within the city at least~~
2 ~~one hundred twenty days prior to the potential implementation of a~~
3 ~~lower threshold or exemption amount));~~

4 (c) Tax reporting frequencies that meet the requirements of RCW
5 35.102.070;

6 (d) Penalty and interest provisions that meet the requirements of
7 RCW 35.102.080 and 35.102.090;

8 (e) Claim periods that meet the requirements of RCW 35.102.100;

9 (f) Refund provisions that meet the requirements of RCW 35.102.110;

10 and

11 (g) Allocation and apportionment provisions that meet the
12 requirements of this chapter;

13 (h) Provisions consistent with RCW 82.04.480 and 82.04.520;

14 (i) Nexus provisions consistent with RCW 35.102.050;

15 (j) Tax classifications for reporting purposes that include all of
16 the state business and occupation tax classifications, including those
17 created in RCW 82.04.230 through 82.04.298, classifications created
18 after the effective date of this section and codified outside of those
19 statutes, and any classifications created by the department under the
20 authority of section 402 of this act. The model ordinance may not
21 include any classifications that are not used for state business and
22 occupation tax purposes; and

23 (k) Definitions, which at a minimum, must include the definitions
24 enumerated in RCW 35.102.030 and 35.102.120. ((The definitions in
25 chapter 82.04 RCW shall be used as the baseline for all definitions in
26 the model ordinance, and any deviation in the model ordinance from
27 these definitions must be described by a comment in the model
28 ordinance.))

29 (3) Except for the deduction required by RCW 35.102.160 and the
30 system of credits developed to address multiple taxation under
31 subsection (2)(a) of this section, a city may adopt its own provisions
32 for tax exemptions, tax credits, and tax deductions.

33 (4) Any city that adopts an ordinance that deviates from the
34 nonmandatory provisions of the model ordinance (~~shall~~) must make a
35 description of such differences available to the public, in written and
36 electronic form.

1 **Sec. 104.** RCW 35.102.050 and 2008 c 129 s 4 are each amended to
2 read as follows:

3 (1) A city may not impose a business and occupation tax on a person
4 unless that person has a substantial nexus with the city. For the
5 purposes of this section, the term "substantial nexus" means business
6 activities conducted by a person sufficient to subject that person to
7 the taxing jurisdiction of a city under the standards established for
8 interstate commerce under the commerce clause of the United States
9 Constitution and the person has a substantial nexus with the state
10 under RCW 82.04.067 or 82.04.220(2).

11 (2) It must be conclusively presumed that a person that has a
12 substantial nexus with the state under RCW 82.04.067 or 82.04.220(2)
13 has a substantial nexus with any city in this state in which the person
14 conducts business activities sufficient to generate gross income of the
15 business or value of products, or any combination thereof, exceeding
16 the city's small business tax threshold.

17 (3) Mere registration under or compliance with the streamlined
18 sales and use tax agreement does not constitute a substantial nexus for
19 the purposes of this section.

20 (4) A person that has a substantial nexus with a city under this
21 section in one tax year will be deemed to have a substantial nexus with
22 the city for the next tax year even if that person would otherwise not
23 have a substantial nexus with the city under this section for that
24 subsequent tax year.

25 **Sec. 105.** RCW 35.102.120 and 2003 c 79 s 12 are each amended to
26 read as follows:

27 (1) In addition to the definitions in RCW 35.102.030, the following
28 terms and phrases must be defined in the model ordinance under RCW
29 35.102.040, and such definitions (~~(shall)~~) must include any specific
30 requirements as noted in this (~~(subsection)~~) section:

31 (a) Eligible gross receipts tax.

32 (b) Extracting.

33 (c) Manufacturing. (~~(Software development may not be defined as a~~
34 ~~manufacturing activity.)~~) Except as provided in subsection (2) of this
35 section, "manufacturing" must have the same meaning as "to manufacture"
36 in RCW 82.04.120.

37 (d) Retailing.

- 1 (e) Retail sale.
- 2 (f) Services. The term "services" excludes retail or wholesale
3 services.
- 4 (g) Wholesale sale.
- 5 (h) Wholesaling.
- 6 (i) To manufacture.
- 7 (j) Commercial (~~and~~) or industrial use.
- 8 (k) Engaging in business.
- 9 (l) Person.
- 10 (2) (~~Any~~) (a) Except as otherwise provided in this section or
11 other provisions of this chapter:
- 12 (i) The state business and occupation tax definitions apply to the
13 model ordinance and any city's business and occupation tax in the same
14 manner as they apply for purposes of chapter 82.04 RCW; and
- 15 (ii) A city may not, for purposes of its business and occupation
16 tax, deviate from the state business and occupation tax definitions in
17 its ordinances, rules, other public guidance, and interpretations.
- 18 (b) For purposes of complying with (a) of this subsection (2),
19 references to the department in state business and occupation tax
20 definitions must be construed as references to the city or cities,
21 unless the context clearly requires otherwise.
- 22 (c) For purposes of complying with (a) of this subsection (2),
23 references to the state in state business and occupation tax
24 definitions must be construed as references to the city or cities,
25 unless the context clearly requires otherwise.
- 26 (d) Any portion of a state business and occupation tax definition
27 that relates solely to sales or use tax or otherwise does not apply to
28 the tax imposed in chapter 82.04 RCW does not apply to the model
29 ordinance or business and occupation taxes imposed by the cities.
- 30 (e) Except as otherwise provided in this section, the cities and
31 the model ordinance need not adopt any exclusionary language contained
32 in a state business and occupation tax definition, but only if the
33 exclusionary language has the effect of exempting a person, activity,
34 or income from the tax imposed in chapter 82.04 RCW.
- 35 (f) Notwithstanding (e) of this subsection (2), a city may not
36 deviate from the exclusion in RCW 82.04.062 from the definitions of
37 "wholesale sale," "sale at wholesale," "retail sale," and "sale at

1 retail." Cities imposing a business and occupation tax must compute
2 tax on the business of making sales of precious metal bullion or
3 monetized bullion consistent with RCW 82.04.062.

4 (g) Notwithstanding (e) of this subsection (2), cities may not
5 deviate from the exclusion in RCW 82.04.216 of steam, electricity, and
6 electrical energy from various terms denoting tangible items that may
7 be used, sold, or consumed.

8 (h) Language in a state business and occupation tax definition
9 governing how the defined term is to be applied for state business and
10 occupation tax purposes also applies for purposes of city business and
11 occupation taxes.

12 (3) Tax classifications in addition to those enumerated in
13 subsection (1) of this section ((that)), which are required to be
14 included in the model ordinance pursuant to RCW 35.102.040(2)(j), must
15 be uniform among all cities and with state business and occupation tax
16 classifications.

17 **Sec. 106.** RCW 35.102.140 and 2003 c 79 s 14 are each amended to
18 read as follows:

19 ~~((Cities imposing business and occupation taxes must comply with~~
20 ~~all requirements of RCW 35.102.020 through 35.102.130 by December 31,~~
21 ~~2004. A city that has not complied with the requirements of RCW~~
22 ~~35.102.020 through 35.102.130 by December 31, 2004, may not impose a~~
23 ~~tax that is imposed by a city on the privilege of engaging in business~~
24 ~~activities.)) (1) Cities imposing business and occupation taxes after~~
25 ~~December 31, 2004, must comply with ((RCW 35.102.020 through~~
26 ~~35.102.130)) this chapter.~~

27 (2) The department may issue official written guidance on any
28 provision of a city's business and occupation tax that is required by
29 this chapter to be administered consistently with the state business
30 and occupation tax. Any such official public guidance issued by the
31 department preempts any conflicting interpretation of the city.
32 Likewise, any official public guidance issued by the department on a
33 state business and occupation tax matter preempts any conflicting
34 interpretation by the city on a matter involving a provision of the
35 city's business and occupation tax that is required by this chapter to
36 be administered consistently with the state business and occupation

1 tax. Nothing in this subsection is intended to affect the
2 interpretation or application of a city's business and occupation tax
3 for periods before the effective date of this section.

4 **Sec. 107.** RCW 35.102.160 and 2006 c 301 s 6 are each amended to
5 read as follows:

6 (1) The provision of professional employer services by a
7 professional employer organization is taxable under a city's service
8 and other business activities classification. A city that imposes its
9 business and occupation tax on professional employer services performed
10 by a professional employer organization(~~(, regardless of the tax~~
11 ~~classification applicable to such services, shall))~~ must provide a
12 deduction identical to the deduction in RCW 82.04.540(2).

13 (2) For the purposes of this section, "professional employer
14 organization" and "professional employer services" have the same
15 meanings as in RCW 82.04.540.

16 NEW SECTION. **Sec. 108.** A new section is added to chapter 35.102
17 RCW to read as follows:

18 Beginning on the effective date of this section, the department may
19 adopt rules and issue interpretive and policy statements in accordance
20 with the administrative procedure act, chapter 34.05 RCW, as it
21 considers necessary or useful in enhancing uniformity between state and
22 city business and occupation taxes and in carrying out the department's
23 duties under this chapter. Such rules and interpretive and policy
24 statements take precedence over any conflicting rules and interpretive
25 or policy guidance issued by the cities. The department must seek
26 input from affected cities before issuing any rules and interpretive
27 and policy statements concerning city business and occupation taxes to
28 the extent required by chapter 34.05 RCW.

29 NEW SECTION. **Sec. 109.** A new section is added to chapter 35.102
30 RCW to read as follows:

31 For purposes of city business and occupation taxes, a person may
32 meet its burden of proving that a sale is a wholesale sale rather than
33 a retail sale as provided in RCW 82.04.470. Upon request of a city,
34 the department must assist the city in determining whether a person has
35 met the requirements of RCW 82.04.470(6).

1 **Sec. 110.** RCW 35.102.130 and 2010 c 111 s 305 are each amended to
2 read as follows:

3 (1) A city that imposes a business and occupation tax must provide
4 for the allocation and apportionment of a person's gross income((
5 other than persons subject to the provisions of chapter 82.14A RCW, as
6 follows:

7 ~~(1) Gross income derived from all activities other than those taxed~~
8 ~~as service or royalties))~~ as provided in this section.

9 (2) Gross income derived from all activities other than
10 apportionable activities must be allocated to the location where the
11 activity takes place.

12 (a) In the case of sales of tangible personal property, the
13 activity takes place where delivery to the buyer occurs.

14 (b)(i) In the case of sales of digital products, the activity takes
15 place where delivery to the buyer occurs. The delivery of digital
16 products will be deemed to occur at:

17 (A) The seller's place of business if the purchaser receives the
18 digital product at the seller's place of business;

19 (B) If not received at the seller's place of business, the location
20 where the purchaser or the purchaser's donee, designated as such by the
21 purchaser, receives the digital product, including the location
22 indicated by instructions for delivery to the purchaser or donee, known
23 to the seller;

24 (C) If the location where the purchaser or the purchaser's donee
25 receives the digital product is not known, the purchaser's address
26 maintained in the ordinary course of the seller's business when use of
27 this address does not constitute bad faith;

28 (D) If no address for the purchaser is maintained in the ordinary
29 course of the seller's business, the purchaser's address obtained
30 during the consummation of the sale, including the address of a
31 purchaser's payment instrument, if no other address is available, when
32 use of this address does not constitute bad faith; and

33 (E) If no address for the purchaser is obtained during the
34 consummation of the sale, the address where the digital good or digital
35 code is first made available for transmission by the seller or the
36 address from which the digital automated service or service described
37 in RCW 82.04.050 (2)(g) or (6)(b) was provided, disregarding for these

1 purposes any location that merely provided the digital transfer of the
2 product sold.

3 (ii) If none of the methods in (b)(i) of this subsection ~~((1))~~
4 (2) for determining where the delivery of digital products occurs are
5 available after a good faith effort by the taxpayer to apply the
6 methods provided in (b)(i)(A) through (E) of this subsection ~~((1))~~
7 (2), then the city and the taxpayer may mutually agree to employ any
8 other method to effectuate an equitable allocation of income from the
9 sale of digital products. The taxpayer will be responsible for
10 petitioning the city to use an alternative method under this subsection
11 ~~((1))~~ (2)(b)(ii). The city may employ an alternative method for
12 allocating the income from the sale of digital products if the methods
13 provided in (b)(i)(A) through (E) of this subsection ~~((1))~~ (2) are
14 not available and the taxpayer and the city are unable to mutually
15 agree on an alternative method to effectuate an equitable allocation of
16 income from the sale of digital products.

17 (iii) For purposes of this subsection ~~((1))~~ (2)(b), the following
18 definitions apply:

19 (A) "Digital automated services," "digital codes," and "digital
20 goods" have the same meaning as in RCW 82.04.192;

21 (B) "Digital products" means digital goods, digital codes, digital
22 automated services, and the services described in RCW 82.04.050 (2)(g)
23 and (6)(b); and

24 (C) "Receive" has the same meaning as in RCW 82.32.730.

25 (c) If a business activity allocated under this subsection ~~((1))~~
26 (2) takes place in more than one city and all cities impose a gross
27 receipts tax, a credit must be allowed as provided in RCW 35.102.060;
28 if not all of the cities impose a gross receipts tax, the affected
29 cities must allow another credit or allocation system as they and the
30 taxpayer agree.

31 ~~((2) Gross income derived as royalties from the granting of
32 intangible rights must be allocated to the commercial domicile of the
33 taxpayer.~~

34 ~~(3) Gross income derived from activities taxed as services shall be
35 apportioned to a city by multiplying apportionable income by a
36 fraction, the numerator of which is the payroll factor plus the
37 service income factor and the denominator of which is two.~~

1 ~~(a) The payroll factor is a fraction, the numerator of which is the~~
2 ~~total amount paid in the city during the tax period by the taxpayer for~~
3 ~~compensation and the denominator of which is the total compensation~~
4 ~~paid everywhere during the tax period. Compensation is paid in the~~
5 ~~city if:~~

6 ~~(i) The individual is primarily assigned within the city;~~

7 ~~(ii) The individual is not primarily assigned to any place of~~
8 ~~business for the tax period and the employee performs fifty percent or~~
9 ~~more of his or her service for the tax period in the city; or~~

10 ~~(iii) The individual is not primarily assigned to any place of~~
11 ~~business for the tax period, the individual does not perform fifty~~
12 ~~percent or more of his or her service in any city, and the employee~~
13 ~~resides in the city.~~

14 ~~(b) The service income factor is a fraction, the numerator of which~~
15 ~~is the total service income of the taxpayer in the city during the tax~~
16 ~~period, and the denominator of which is the total service income of the~~
17 ~~taxpayer everywhere during the tax period. Service income is in the~~
18 ~~city if:~~

19 ~~(i) The customer location is in the city; or~~

20 ~~(ii) The income-producing activity is performed in more than one~~
21 ~~location and a greater proportion of the service income-producing~~
22 ~~activity is performed in the city than in any other location, based on~~
23 ~~costs of performance, and the taxpayer is not taxable at the customer~~
24 ~~location; or~~

25 ~~(iii) The service income-producing activity is performed within the~~
26 ~~city, and the taxpayer is not taxable in the customer location.~~

27 ~~(c) If the allocation and apportionment provisions of this~~
28 ~~subsection do not fairly represent the extent of the taxpayer's~~
29 ~~business activity in the city or cities in which the taxpayer does~~
30 ~~business, the taxpayer may petition for or the tax administrators may~~
31 ~~jointly require, in respect to all or any part of the taxpayer's~~
32 ~~business activity, that one of the following methods be used jointly by~~
33 ~~the cities to allocate or apportion gross income, if reasonable:~~

34 ~~(i) Separate accounting;~~

35 ~~(ii) The use of a single factor;~~

36 ~~(iii) The inclusion of one or more additional factors that will~~
37 ~~fairly represent the taxpayer's business activity in the city; or~~

1 ~~(iv) The employment of any other method to effectuate an equitable~~
2 ~~allocation and apportionment of the taxpayer's income.~~

3 ~~(4) The definitions in this subsection apply throughout this~~
4 ~~section.~~

5 ~~(a) "Apportionable income" means the gross income of the business~~
6 ~~taxable under the service classifications of a city's gross receipts~~
7 ~~tax, including income received from activities outside the city if the~~
8 ~~income would be taxable under the service classification if received~~
9 ~~from activities within the city, less any exemptions or deductions~~
10 ~~available.~~

11 ~~(b) "Compensation" means wages, salaries, commissions, and any~~
12 ~~other form of remuneration paid to individuals for personal services~~
13 ~~that are or would be included in the individual's gross income under~~
14 ~~the federal internal revenue code.~~

15 ~~(c) "Individual" means any individual who, under the usual common~~
16 ~~law rules applicable in determining the employer-employee relationship,~~
17 ~~has the status of an employee of that taxpayer.~~

18 ~~(d) "Customer location" means the city or unincorporated area of a~~
19 ~~county where the majority of the contacts between the taxpayer and the~~
20 ~~customer take place.~~

21 ~~(e) "Primarily assigned" means the business location of the~~
22 ~~taxpayer where the individual performs his or her duties.~~

23 ~~(f) "Service taxable income" or "service income" means gross income~~
24 ~~of the business subject to tax under either the service or royalty~~
25 ~~classification.~~

26 ~~(g) "Tax period" means the calendar year during which tax liability~~
27 ~~is accrued. If taxes are reported by a taxpayer on a basis more~~
28 ~~frequent than once per year, taxpayers shall calculate the factors for~~
29 ~~the previous calendar year for reporting in the current calendar year~~
30 ~~and correct the reporting for the previous year when the factors are~~
31 ~~calculated for that year, but not later than the end of the first~~
32 ~~quarter of the following year.~~

33 ~~(h) "Taxable in the customer location" means either that a taxpayer~~
34 ~~is subject to a gross receipts tax in the customer location for the~~
35 ~~privilege of doing business, or that the government where the customer~~
36 ~~is located has the authority to subject the taxpayer to gross receipts~~
37 ~~tax regardless of whether, in fact, the government does so.))~~

1 (3) Except as otherwise provided in this section, gross income
2 received from apportionable activities must be apportioned to a city by
3 multiplying apportionable income by the receipts factor. Persons who
4 are subject to tax under more than one tax classification on their
5 apportionable activities must calculate a separate receipts factor for
6 each tax classification the person is taxable under.

7 (a) The receipts factor is a fraction and is calculated as provided
8 in this subsection.

9 (i) The numerator of the receipts factor is the total gross income
10 of the taxpayer attributable to the city during the tax year from
11 engaging in an apportionable activity. The denominator of the receipts
12 factor is the total gross income of the taxpayer from engaging in an
13 apportionable activity everywhere in the world during the tax year.

14 (ii) Except as otherwise provided in this subsection, for purposes
15 of computing the receipts factor, gross income generated from each
16 apportionable activity is attributable to the city, if any:

17 (A) Where the customer received the benefit of the taxpayer's
18 service or, in the case of gross income from royalties, where the
19 customer used the taxpayer's intangible property. When a customer
20 receives the benefit of the taxpayer's services or uses the taxpayer's
21 intangible property in the city and outside of the city and the amount
22 of gross income that was received by the taxpayer in return for the
23 services received or intangible property used by the customer in the
24 city can be reasonably determined by the taxpayer, such amount of gross
25 income must be attributed to the city.

26 (B) If the customer received the benefit of the service or used the
27 intangible property in the city and outside of the city and the
28 taxpayer is unable to attribute gross income under the provisions of
29 (a)(ii)(A) of this subsection (3), gross income of the business must be
30 attributed to the location in which the benefit of the service was
31 primarily received or in which the intangible property was primarily
32 used.

33 (C) If the taxpayer is unable to attribute gross income under the
34 provisions of (a)(ii)(A) or (B) of this subsection (3), gross income
35 must be attributed to the location from which the customer ordered the
36 service or, in the case of royalties, the office of the customer from
37 which the royalty agreement with the taxpayer was negotiated.

1 (D) If the taxpayer is unable to attribute gross income under the
2 provisions of (a)(ii)(A), (B), or (C) of this subsection (3), gross
3 income must be attributed to the location to which the billing
4 statements or invoices are sent to the customer by the taxpayer.

5 (E) If the taxpayer is unable to attribute gross income under the
6 provisions of (a)(ii)(A), (B), (C), or (D) of this subsection (3),
7 gross income of the business must be attributed to the location from
8 which the customer sends payment to the taxpayer.

9 (F) If the taxpayer is unable to attribute gross income under the
10 provisions of (a)(ii)(A), (B), (C), (D), or (E) of this subsection (3),
11 gross income must be attributed to the location of the customer as
12 indicated by the customer's address: (I) Shown in the taxpayer's
13 business records maintained in the regular course of business; or (II)
14 obtained during consummation of the sale or the negotiation of the
15 contract for services or for the use of the taxpayer's intangible
16 property, including any address of a customer's payment instrument when
17 readily available to the taxpayer and no other address is available.

18 (G) If the taxpayer is unable to attribute gross income of the
19 business under the provisions of (a)(ii)(A), (B), (C), (D), (E), or (F)
20 of this subsection (3), gross income must be attributed to the
21 commercial domicile of the taxpayer.

22 (b) For purposes of (a)(ii) of this subsection (3), "customer"
23 means a person or entity to whom the taxpayer makes a sale or renders
24 services or from whom the taxpayer otherwise receives gross income of
25 the business. "Customer" includes anyone who pays royalties or charges
26 in the nature of royalties for the use of the taxpayer's intangible
27 property.

28 (c) A taxpayer may calculate the receipts factor for the current
29 tax year based on the most recent calendar year for which information
30 is available for the full calendar year. If a taxpayer does not
31 calculate the receipts factor for the current tax year based on
32 previous calendar year information as authorized in this subsection,
33 the business must use current year information to calculate the
34 receipts factor for the current tax year. In either case, a taxpayer
35 must correct the reporting for the current tax year when complete
36 information is available to calculate the receipts factor for that
37 year, but not later than October 31st of the following tax year.
38 Interest applies to any additional tax due on a corrected tax return.

1 Interest must be computed and assessed in the manner provided in RCW
2 82.32.050 and accrues until the additional taxes are paid. Penalties
3 in accordance with RCW 82.32.090 will apply to any such additional tax
4 due only if the current tax year reporting is not corrected and the
5 additional tax is not paid by October 31st of the following tax year.
6 Interest as provided in RCW 82.32.060 will apply to any tax paid in
7 excess of that properly due on a return as a result of a taxpayer using
8 previous calendar year data or incomplete current-year data to
9 calculate the receipts factor.

10 (d) This subsection does not apply to financial institutions with
11 respect to apportionable income taxable under a city's service and
12 other business activities classification.

13 (4) The department must by rule provide a method of apportioning
14 the apportionable income of financial institutions, where such
15 apportionable income is taxable under a city's service and other
16 business activities classification. The rule adopted by the department
17 must be consistent, to the extent feasible, with the rule adopted by
18 the department as required by RCW 82.04.460(2).

19 (5) If the department adopts a rule as authorized in RCW
20 82.04.460(3), gross income received from sales of telecommunications
21 service and competitive telephone service must be allocated or
22 apportioned for purposes of city business and occupation taxes
23 consistent with the department's rule notwithstanding anything to the
24 contrary in this section.

25 (6) The definitions in this subsection apply throughout this
26 section.

27 (a) "Apportionable activities" has the same meaning as in RCW
28 82.04.460, except that the term does not include the printing and
29 publishing activities described in RCW 35.102.150.

30 (b) "Apportionable income" means the gross income of the business
31 generated from engaging in apportionable activities, including income
32 received from activities performed outside the city if the income would
33 be taxable under the city's business and occupation tax if received
34 from activities within the city, less any exemptions or deductions
35 available.

36 (c) "Gross income" means gross income of the business as defined in
37 RCW 82.04.080.

1 **Sec. 111.** RCW 82.14A.020 and 1972 ex.s. c 134 s 3 are each amended
2 to read as follows:

3 (~~For purposes of RCW 82.14A.010, the state department of revenue~~
4 ~~is hereby authorized and directed to promulgate, pursuant to the~~
5 ~~provisions of chapter 34.05 RCW, rules establishing uniform methods of~~
6 ~~division of gross income of the business of a single taxpayer between~~
7 ~~those cities, towns and unincorporated areas in which such taxpayer has~~
8 ~~a place of business.)) The gross income of the business of a financial
9 institution must be allocated and apportioned in accordance with RCW
10 35.102.130 and the rule adopted by the department of revenue as
11 required by RCW 35.102.130(4).~~

12 **Sec. 112.** RCW 82.04.462 and 2010 1st sp.s. c 23 s 105 are each
13 amended to read as follows:

14 (1) The apportionable income of a person within the scope of RCW
15 82.04.460(1) is apportioned to Washington by multiplying its
16 apportionable income by the receipts factor. Persons who are subject
17 to tax under more than one of the tax classifications enumerated in RCW
18 82.04.460(4)(a) (i) through (x) must calculate a separate receipts
19 factor for each tax classification that the person is taxable under.

20 (2) For purposes of subsection (1) of this section, the receipts
21 factor is a fraction and is calculated as provided in subsections (3)
22 and (4) of this section and, for financial institutions, as provided in
23 the rule adopted by the department under the authority of RCW
24 82.04.460(2).

25 (3)(a) The numerator of the receipts factor is the total gross
26 income of the business of the taxpayer attributable to this state
27 during the tax year from engaging in an apportionable activity. The
28 denominator of the receipts factor is the total gross income of the
29 business of the taxpayer from engaging in an apportionable activity
30 everywhere in the world during the tax year.

31 (b) Except as otherwise provided in this section, for purposes of
32 computing the receipts factor, gross income of the business generated
33 from each apportionable activity is attributable to the state:

34 (i) Where the customer received the benefit of the taxpayer's
35 service or, in the case of gross income from royalties, where the
36 customer used the taxpayer's intangible property. When a customer
37 receives the benefit of the taxpayer's services or uses the taxpayer's

1 intangible property in this and one or more other states and the amount
2 of gross income of the business that was received by the taxpayer in
3 return for the services received or intangible property used by the
4 customer in this state can be reasonably determined by the taxpayer,
5 such amount of gross income must be attributed to this state.

6 (ii) If the customer received the benefit of the service or used
7 the intangible property in more than one state and if the taxpayer is
8 unable to attribute gross income of the business under the provisions
9 of (b)(i) of this subsection (3), gross income of the business must be
10 attributed to the state in which the benefit of the service was
11 primarily received or in which the intangible property was primarily
12 used.

13 (iii) If the taxpayer is unable to attribute gross income of the
14 business under the provisions of (b)(i) or (ii) of this subsection (3),
15 gross income of the business must be attributed to the state from which
16 the customer ordered the service or, in the case of royalties, the
17 office of the customer from which the royalty agreement with the
18 taxpayer was negotiated.

19 (iv) If the taxpayer is unable to attribute gross income of the
20 business under the provisions of (b)(i), (ii), or (iii) of this
21 subsection (3), gross income of the business must be attributed to the
22 state to which the billing statements or invoices are sent to the
23 customer by the taxpayer.

24 (v) If the taxpayer is unable to attribute gross income of the
25 business under the provisions of (b)(i), (ii), (iii), or (iv) of this
26 subsection (3), gross income of the business must be attributed to the
27 state from which the customer sends payment to the taxpayer.

28 (vi) If the taxpayer is unable to attribute gross income of the
29 business under the provisions of (b)(i), (ii), (iii), (iv), or (v) of
30 this subsection (3), gross income of the business must be attributed to
31 the state where the customer is located as indicated by the customer's
32 address: (A) Shown in the taxpayer's business records maintained in
33 the regular course of business; or (B) obtained during consummation of
34 the sale or the negotiation of the contract for services or for the use
35 of the taxpayer's intangible property, including any address of a
36 customer's payment instrument when readily available to the taxpayer
37 and no other address is available.

1 (vii) If the taxpayer is unable to attribute gross income of the
2 business under the provisions of (b)(i), (ii), (iii), (iv), (v), or
3 (vi) of this subsection (3), gross income of the business must be
4 attributed to the commercial domicile of the taxpayer.

5 (viii) For purposes of this subsection (3)(b), "customer" means a
6 person or entity to whom the taxpayer makes a sale or renders services
7 or from whom the taxpayer otherwise receives gross income of the
8 business. "Customer" includes anyone who pays royalties or charges in
9 the nature of royalties for the use of the taxpayer's intangible
10 property.

11 (c) Gross income of the business from engaging in an apportionable
12 activity must be excluded from the denominator of the receipts factor
13 if, in respect to such activity, at least some of the activity is
14 performed in this state, and the gross income is attributable under (b)
15 of this subsection (3) to a state in which the taxpayer is not taxable.
16 For purposes of this subsection (3)(c), "not taxable" means that the
17 taxpayer is not subject to a business activities tax by that state,
18 except that a taxpayer is taxable in a state in which it would be
19 deemed to have a substantial nexus with that state under the standards
20 in RCW 82.04.067(1) regardless of whether that state imposes such a
21 tax. "Business activities tax" means a tax measured by the amount of,
22 or economic results of, business activity conducted in a state. The
23 term includes taxes measured in whole or in part on net income or gross
24 income or receipts. "Business activities tax" does not include a sales
25 tax, use tax, or a similar transaction tax, imposed on the sale or
26 acquisition of goods or services, whether or not denominated a gross
27 receipts tax or a tax imposed on the privilege of doing business.

28 (d) This subsection (3) does not apply to financial institutions
29 with respect to apportionable income taxable under RCW 82.04.290.
30 Financial institutions must calculate the receipts factor as provided
31 in subsection (4) of this section and the rule adopted by the
32 department under the authority of RCW 82.04.460(2) with respect to
33 apportionable income taxable under RCW 82.04.290. Financial
34 institutions that are subject to tax under any other tax classification
35 enumerated in RCW 82.04.460(4)(a) (i) through (v) and (vii) through (x)
36 must calculate a separate receipts factor, as provided in this section,
37 for each of the other tax classifications that the financial
38 institution is taxable under.

1 (4) A taxpayer may calculate the receipts factor for the current
2 tax year based on the most recent calendar year for which information
3 is available for the full calendar year. If a taxpayer does not
4 calculate the receipts factor for the current tax year based on
5 previous calendar year information as authorized in this subsection,
6 the business must use current year information to calculate the
7 receipts factor for the current tax year. In either case, a taxpayer
8 must correct the reporting for the current tax year when complete
9 information is available to calculate the receipts factor for that
10 year, but not later than October 31st of the following tax year.
11 Interest will apply to any additional tax due on a corrected tax
12 return. Interest must be computed and assessed (~~(at the rate provided~~
13 ~~for delinquent excise taxes under chapter 82.32 RCW, retroactively to~~
14 ~~the date the original return was due, and will accrue)) as provided in
15 RCW 82.32.050 and accrues until the additional taxes are paid.
16 Penalties as provided in RCW 82.32.090 will apply to any such
17 additional tax due only if the current tax year reporting is not
18 corrected and the additional tax is not paid by October 31st of the
19 following tax year. Interest as provided in RCW 82.32.060 will apply
20 to any tax paid in excess of that properly due on a return as a result
21 of a taxpayer using previous calendar year data or incomplete current-
22 year data to calculate the receipts factor.~~

23 (5) Unless the context clearly requires otherwise, the definitions
24 in this subsection apply throughout this section.

25 (a) "Apportionable activities" and "apportionable income" have the
26 same meaning as in RCW 82.04.460.

27 (b) "State" means a state of the United States, the District of
28 Columbia, the Commonwealth of Puerto Rico, any territory or possession
29 of the United States, or any foreign country or political subdivision
30 of a foreign country.

31 PART II

32 LOCAL BUSINESS LICENSING SIMPLIFICATION

33 NEW SECTION. **Sec. 201.** The definitions in this section apply
34 throughout this chapter unless the context clearly requires otherwise.

35 (1) "Business licensing system" and "business license" have the
36 same meaning as in RCW 19.02.020.

1 (2) "City" means a city, town, or code city.
2 (3) "Department" means the department of revenue.
3 (4)(a) "Employee" means any individual:
4 (i) Who is considered an employee under the statutory or common law
5 of this state;
6 (ii) Who is considered an employee or worker by the department of
7 labor and industries;
8 (iii) Whose wages are reported by his or her employer to the
9 employment security department for purposes of contributions payable
10 under chapter 50.24 RCW;
11 (iv) Who is a sole proprietor of a business; or
12 (v) Who is an owner, officer, partner, member, manager, or trustee
13 of a business entity. For purposes of this subsection, "manager" means
14 a person designated as such by a limited liability company, limited
15 liability partnership, or similar business entity, in the entity's
16 certificate of formation or similar governing documents.
17 (b) An individual that falls within any provision in (a) of this
18 subsection (4) is an employee regardless of whether that individual is
19 employed full-time or part-time; is employed on a permanent or
20 temporary basis; or receives wages, salary, commission, or other form
21 of remuneration from his or her employer.
22 (c) Notwithstanding anything to the contrary in this subsection
23 (4), an individual who is merely a passive investor in a business and
24 does not perform any services or activities as an agent of the business
25 is not an employee.
26 (d) An individual performing services in his or her capacity as a
27 director of a corporation or other entity is not an employee of the
28 entity if the individual does not otherwise fall within the provisions
29 of (a) of this subsection (4).
30 (5) "General business license" means a license, not including a
31 regulatory license, that a city requires all or most businesses to
32 obtain in order to conduct business within the city. For purposes of
33 this subsection (5), "regulatory license" means a license that a city
34 requires only for certain types of businesses, such as taxicab or other
35 for-hire vehicle operators, adult entertainment businesses, amusement
36 device operators, massage parlors, debt collectors, door-to-door sales
37 persons, trade-show operators, and home-based businesses.

1 NEW SECTION. **Sec. 202.** (1) Except as provided in subsection (3)
2 of this section, all cities that impose a business and occupation tax
3 must, by July 1, 2014, have their general business licenses issued and
4 renewed, if the license is required to be renewed, through the business
5 licensing system in accordance with chapter 19.02 RCW.

6 (2) Except as provided in subsection (3) of this section, by
7 January 1, 2018, all cities that require general business licenses and
8 that do not impose a business and occupation tax must have such
9 licenses issued and renewed, if the license is required to be renewed,
10 through the business licensing system in accordance with chapter 19.02
11 RCW.

12 (3) The department may delay or phase-in the issuance and renewal
13 of general business licenses beyond the dates provided in subsections
14 (1) and (2) of this section if funding or other resources are
15 insufficient to enable the department to meet the deadlines in
16 subsection (1) or (2) of this section or as necessary to ensure the
17 business licensing system is adequately prepared to handle all general
18 business licenses and that the transition to mandatory department
19 issuance and renewal of general business licenses is as seamless as
20 possible. To that end, the department, working with affected cities,
21 is authorized to establish a schedule for assuming the issuance and
22 renewal of general business licenses as required by this section.
23 Cities may continue to issue and renew their general business licenses
24 until those licenses have been incorporated into the business licensing
25 system. A city whose general business license has been incorporated
26 into the business licensing system may no longer issue and renew those
27 licenses.

28 (4) For purposes of this section, "business and occupation tax" has
29 the same meaning as in RCW 35.102.030.

30 NEW SECTION. **Sec. 203.** (1) By the time that a city's general
31 business license is required to be issued and renewed through the
32 business licensing system, the license is subject to all of the
33 provisions of this section.

34 (2)(a) A city may use only the following types of fees for general
35 business licenses:

36 (i) A flat fee as established by the city;

1 (ii) A flat fee calculated by multiplying a specific dollar amount
2 by the quotient resulting from dividing the total hours worked by the
3 business's employees located within the city by one thousand nine
4 hundred twenty; or

5 (iii) A range of flat fees where the determination of the
6 applicable fee is based on the quotient resulting from dividing the
7 total hours worked by the business's employees located within the city
8 by one thousand nine hundred twenty.

9 (b) A city may not use a combination of fees described in (a)(i)
10 through (iii) of this subsection (2) for its general business license.

11 (c) For purposes of this subsection, a flat fee for a general
12 business license must be the same amount for all businesses or for all
13 businesses within a specified fee range.

14 (d) For purposes of this subsection, an employee of a staffing firm
15 is not considered to be an employee of any client of the staffing firm
16 to whom the employee is assigned. To the extent that a staffing firm
17 assigns its employees to work in any city that imposes a licensing fee
18 as authorized in (a) of this subsection (2), the staffing firm is
19 subject to a licensing fee in such city even if the staffing firm is
20 not otherwise physically located in that city. For purposes of this
21 subsection (2)(d), "staffing firm" means a person providing "staffing
22 services" as defined in RCW 82.04.540.

23 (e) For purposes of this subsection, a covered employee is not
24 considered to be an employee of the professional employer organization
25 with which the individual has a coemployment relationship. Rather, the
26 covered employee is deemed the sole employee of the client. The
27 definitions in RCW 82.04.540 apply to this subsection (2)(e).

28 (f) For purposes of the fees authorized in (a)(ii) and (iii) of
29 this subsection (2):

30 (i) Hours worked are for the twelve-month period ending the last
31 day of the month immediately preceding the month in which the license
32 for which the fee is imposed takes effect, except that new businesses
33 must make a reasonable estimation of the hours that their employees
34 located within the city will work in the city during the twelve-month
35 period beginning on the date that the license for which the fee is
36 imposed will take effect; and

37 (ii) It must be presumed that any employee that works in a city for
38 any part of a twelve-month period has worked for at least one thousand

1 nine hundred twenty hours in that city during that twelve-month period
2 unless the individual's employer has records establishing that the
3 employee worked more or fewer than one thousand nine hundred twenty
4 hours in that city during that twelve-month period.

5 (g) For purposes of (a)(ii) and (iii) of this subsection (2), an
6 employee is located in a city if the employee:

7 (i) Spends any amount of time in the city on behalf of his or her
8 employer, even if most of the employee's work time is spent outside of
9 the city; or

10 (ii) Does not spend any time in the city on behalf of his or her
11 employer; but the employee's work is directed or managed by the
12 employer primarily from a location within the city, and the employer is
13 not required to pay a general business license fee to any other city in
14 which the employee performs services for the employer.

15 (3) A general business license may not be renewed more frequently
16 than once per year except that the department may require a more
17 frequent renewal date as may be necessary to synchronize the renewal
18 date for the general business license with the business's business
19 license expiration date.

20 (4) The business licensing system need not accommodate any monetary
21 penalty imposed by a city for failing to obtain or renew a general
22 business license. The penalty imposed in RCW 19.02.085 applies to
23 general business licenses that are not renewed by their expiration
24 date.

25 (5) The department may refuse to administer any provision of a city
26 ordinance that is inconsistent with this chapter. This authority
27 includes refusing to issue or renew a city's general business license.
28 Within five working days following the department's refusal to
29 administer a provision of a city's licensing ordinance, the department
30 must provide notice to the city of the department's refusal and the
31 reasons therefore.

32 NEW SECTION. **Sec. 204.** The department is not authorized to
33 enforce a city's licensing laws except to the extent of issuing or
34 renewing a license in accordance with this chapter and chapter 19.02
35 RCW or refusing to issue a license due to an incomplete application,
36 nonpayment of the appropriate licensing fee as indicated by the license

1 application or renewal application, or the nonpayment of any applicable
2 penalty for late renewal.

3 NEW SECTION. **Sec. 205.** Cities whose general business licenses are
4 issued through the business licensing system retain the authority to
5 provide exemptions and thresholds for these licenses.

6 NEW SECTION. **Sec. 206.** Cities may not require a person to obtain
7 or renew a general business license unless the person engages in
8 business within a city. For purposes of this section, a person engages
9 in business within a city if the person has business property or
10 employees located in the city on either a permanent or nonpermanent
11 basis. A person also engages in business within a city if the person,
12 either directly or through an agent or other representative, engages in
13 activities in the city that are significantly associated with the
14 person's ability to establish or maintain a market for the person's
15 products or services in the city. For purposes of this section,
16 engaging in business within a city is intended to be construed
17 coextensive with the physical presence requirement for purposes of
18 imposing a sales or use tax collection obligation as established in
19 *Quill Corp. v. North Dakota*, 504 U.S. 298 (1992).

20 NEW SECTION. **Sec. 207.** A general business license change enacted
21 by a city whose general business license is issued through the business
22 licensing system takes effect no sooner than seventy-five days after
23 the department receives notice of the change and only on the first day
24 of January, April, July, or October, if the change affects in any way
25 who must obtain a license, who is exempt from obtaining a license, or
26 the amount or method of determining any fee for the issuance or renewal
27 of a license.

28 NEW SECTION. **Sec. 208.** A new section is added to chapter 19.02
29 RCW to read as follows:

30 The department may require applicants to submit applications for
31 general business licenses or their renewal electronically. The
32 department may also require application and renewal fees for general
33 business licenses be paid electronically. For purposes of this

1 section, "general business license" has the same meaning as in section
2 201 of this act.

3 NEW SECTION. **Sec. 209.** Sections 201 through 207 of this act
4 constitute a new chapter in Title 35 RCW.

5 **PART III**

6 **MAKING TECHNICAL CHANGES TO LICENSING AND TRADE NAME**

7 **LAWS AND CONFORMING AMENDMENTS**

8 **Sec. 301.** RCW 15.13.250 and 2007 c 335 s 1 are each amended to
9 read as follows:

10 For the purpose of this chapter:

11 (1) "Department" means the department of agriculture of the state
12 of Washington.

13 (2) "Director" means the director of the department or the
14 director's duly authorized representative.

15 (3) "Person" means any individual, firm, partnership, corporation,
16 company, society and association, and every officer, agent or employee
17 thereof.

18 (4) "Horticultural plant" includes, but is not limited to, any
19 horticultural, floricultural, or viticultural plant, or turf, for
20 planting, propagation or ornamentation growing or otherwise. The term
21 does not apply to potato, garlic, or onion planting stock or to cut
22 plant material, except plant parts used for propagative purposes.

23 (5) "Horticultural facilities" means, but is not limited to, the
24 premises where horticultural plants or Christmas trees are grown,
25 stored, handled or delivered for sale or transportation, or where
26 records required under this chapter are stored or kept, and all
27 vehicles and equipment used to transport horticultural plants or
28 Christmas trees.

29 (6) "Plant pests" means, but is not limited to, a living stage of
30 insect, mite, or other arthropod; nematode; slug, snail, or other
31 mollusk; protozoa or other invertebrate animals; bacteria; fungus;
32 virus; viroid; phytoplasma; weed or parasitic plant; or any organisms
33 similar to or allied with any of the plant pests listed in this
34 section; or any infectious substance; which can directly or indirectly

1 injure or cause disease or damage to any plant or plant product or that
2 threatens the diversity or abundance of native species.

3 (7) "Inspection and/or certification" means, but is not limited to,
4 the inspection by the director of horticultural plants or Christmas
5 trees at any time prior to, during, or subsequent to harvest or sale
6 and the issuance by the director of a written certificate stating if
7 the horticultural plants or Christmas trees are in compliance with the
8 provisions of this chapter and rules adopted under this chapter.
9 Inspection may include, but is not limited to, examination of
10 horticultural plants or Christmas trees, taking samples, destructive
11 testing, conducting interviews, taking photographs, and examining
12 records.

13 (8) "Nursery dealer" means any person who sells horticultural
14 plants or plants, grows, receives, or handles horticultural plants for
15 the purpose of selling or planting for another person.

16 (9) "Sell" means to sell, hold for sale, offer for sale, handle, or
17 to use as an inducement for the sale of another article or product.

18 (10) "~~((Master license))~~ Business licensing system" means the
19 mechanism established by chapter 19.02 RCW by which ~~((master))~~ business
20 licenses, endorsed for individual state-issued licenses, are issued and
21 renewed utilizing a ~~((master))~~ business license application and a
22 ~~((master))~~ business license expiration date common to each renewable
23 license endorsement.

24 (11) "Certificate" or "certificate of inspection" means an official
25 document certifying compliance with the requirements of this chapter.
26 The term "certificate" includes labels, rubber stamp imprints, tags,
27 permits, written statements, or any other form of certification
28 document that accompanies the movement of inspected and certified plant
29 material, including Christmas trees.

30 (12) "Turf" means field-cultivated turf grass sod consisting of
31 grass varieties, or blends of grass varieties, and dichondra for use in
32 residential and commercial landscapes.

33 (13) "This chapter" means this chapter and the rules adopted under
34 this chapter.

35 (14) "Compliance agreement" means a written agreement between the
36 department and a person engaged in growing, handling, or moving
37 articles, plants, or plant products regulated under this chapter or

1 title, in which the person agrees to comply with stipulated
2 requirements.

3 (15) "Consignor" means the person named in the invoice, bill, or
4 other shipping document accompanying a horticultural plant as the
5 person from whom the horticultural plant has been received for
6 shipment.

7 (16) "Christmas tree" means a cut evergreen tree:

8 (a) Of a marketable species;

9 (b) Managed to produce trees meeting United States number 2 or
10 better standards for Christmas trees as specified by the United States
11 department of agriculture; and

12 (c) Evidencing periodic maintenance practices of shearing or
13 culturing, or both; weed and brush control; and one or more of the
14 following practices: Basal pruning, fertilization, insect and disease
15 control, stump culture, soil cultivation, and irrigation.

16 (17) "Christmas tree grower" means any person who grows Christmas
17 trees for sale.

18 **Sec. 302.** RCW 15.13.250 and 2000 c 144 s 1 are each amended to
19 read as follows:

20 For the purpose of this chapter:

21 (1) "Department" means the department of agriculture of the state
22 of Washington.

23 (2) "Director" means the director of the department or the
24 director's duly authorized representative.

25 (3) "Person" means any individual, firm, partnership, corporation,
26 company, society and association, and every officer, agent or employee
27 thereof.

28 (4) "Horticultural plant" includes, but is not limited to, any
29 horticultural, floricultural, or viticultural plant, or turf, for
30 planting, propagation or ornamentation growing or otherwise. The term
31 does not apply to potato, garlic, or onion planting stock or to cut
32 plant material, except plant parts used for propagative purposes.

33 (5) "Horticultural facilities" means, but is not limited to, the
34 premises where horticultural plants are grown, stored, handled or
35 delivered for sale or transportation, or where records required under
36 this chapter are stored or kept, and all vehicles and equipment used to
37 transport horticultural plants.

1 (6) "Plant pests" means, but is not limited to, a living stage of
2 insect, mite, or other arthropod; nematode; slug, snail, or other
3 mollusk; protozoa or other invertebrate animals; bacteria; fungus;
4 virus; viroid; phytoplasma; weed or parasitic plant; or any organisms
5 similar to or allied with any of the plant pests listed in this
6 section; or any infectious substance; which can directly or indirectly
7 injure or cause disease or damage to any plant or plant product or that
8 threatens the diversity or abundance of native species.

9 (7) "Inspection and/or certification" means, but is not limited to,
10 the inspection by the director of horticultural plants at any time
11 prior to, during, or subsequent to harvest or sale and the issuance by
12 the director of a written certificate stating if the horticultural
13 plants are in compliance with the provisions of this chapter and rules
14 adopted under this chapter. Inspection may include, but is not limited
15 to, examination of horticultural plants, taking samples, destructive
16 testing, conducting interviews, taking photographs, and examining
17 records.

18 (8) "Nursery dealer" means any person who sells horticultural
19 plants or plants, grows, receives, or handles horticultural plants for
20 the purpose of selling or planting for another person.

21 (9) "Sell" means to sell, hold for sale, offer for sale, handle, or
22 to use as an inducement for the sale of another article or product.

23 (10) "~~((Master license))~~ Business licensing system" means the
24 mechanism established by chapter 19.02 RCW by which ~~((master))~~ business
25 licenses, endorsed for individual state-issued licenses, are issued and
26 renewed utilizing a ~~((master))~~ business license application and a
27 ~~((master))~~ business license expiration date common to each renewable
28 license endorsement.

29 (11) "Certificate" or "certificate of inspection" means an official
30 document certifying compliance with the requirements of this chapter.
31 The term "certificate" includes labels, rubber stamp imprints, tags,
32 permits, written statements, or any other form of certification
33 document that accompanies the movement of inspected and certified plant
34 material.

35 (12) "Turf" means field-cultivated turf grass sod consisting of
36 grass varieties, or blends of grass varieties, and dichondra for use in
37 residential and commercial landscapes.

1 (13) "This chapter" means this chapter and the rules adopted under
2 this chapter.

3 (14) "Compliance agreement" means a written agreement between the
4 department and a person engaged in growing, handling, or moving
5 articles, plants, or plant products regulated under this chapter or
6 title, in which the person agrees to comply with stipulated
7 requirements.

8 (15) "Consignor" means the person named in the invoice, bill, or
9 other shipping document accompanying a horticultural plant as the
10 person from whom the horticultural plant has been received for
11 shipment.

12 **Sec. 303.** RCW 15.13.280 and 2000 c 144 s 6 are each amended to
13 read as follows:

14 (1) No person (~~shall~~) may act as a nursery dealer without a
15 license for each place of business where horticultural plants are sold
16 except as provided in RCW 15.13.270. Any person applying for such a
17 license (~~shall~~) must apply through the (~~master license~~) business
18 licensing system. The application (~~shall~~) must be accompanied by the
19 appropriate fee. The director (~~shall~~) must establish a schedule of
20 fees for retail and wholesale nursery dealer licenses based upon the
21 person's gross annual sales of horticultural plants at each place of
22 business. The schedule for retail licenses (~~shall~~) must include
23 separate fees for at least the following two categories:

24 (a) A person whose gross annual sales of horticultural plants do
25 not exceed two thousand five hundred dollars; and

26 (b) A person whose gross annual sales of horticultural plants
27 exceed two thousand five hundred dollars.

28 (2) A person conducting both retail and wholesale sales of
29 horticultural plants at the same place of business shall secure one of
30 the following:

31 (a) A retail nursery dealer license if retail sales of the
32 horticultural plants exceed such wholesale sales; or

33 (b) A wholesale nursery dealer license if wholesale sales of the
34 horticultural plants exceed such retail sales.

35 (3) The director may issue a wholesale nursery dealer license to a
36 person operating as a farmers market at which individual producers are

1 selling directly to consumers. The license (~~shall~~) must be at the
2 appropriate level to cover all persons selling horticultural plants at
3 each site at which the person operates a market.

4 (4) The licensing fee that must accompany an application for a new
5 license shall be based upon the applicant's estimated gross sales of
6 horticultural plants for the ensuing licensing year. The fee for
7 renewing a license (~~shall~~) must be based upon the licensee's gross
8 sales of these products during the preceding licensing year.

9 (5) The license expires on the (~~master~~) business license
10 expiration date unless it has been revoked or suspended prior to the
11 expiration date by the director for cause. Each license (~~shall~~) must
12 be posted in a conspicuous place open to the public in the location for
13 which it was issued.

14 (6) The department may audit licensees during normal business hours
15 to determine that appropriate fees have been paid.

16 **Sec. 304.** RCW 15.13.290 and 2000 c 144 s 8 are each amended to
17 read as follows:

18 If any application for renewal of a nursery dealer license is not
19 filed prior to the (~~master~~) business license expiration date, the
20 (~~master~~) business license delinquency fee (~~shall be~~) is assessed
21 under chapter 19.02 RCW and (~~shall~~) must be paid by the applicant
22 before the renewal license is issued.

23 **Sec. 305.** RCW 15.49.011 and 1989 c 354 s 73 are each amended to
24 read as follows:

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

27 (1) "Advertisement" means all representations, other than those on
28 the label, disseminated in any manner or by any means, relating to seed
29 within the scope of this chapter.

30 (2) "Agricultural seed" includes grass, forage, cereal, oil, fiber,
31 and other kinds of crop seeds commonly recognized within this state as
32 agricultural seeds, lawn seeds, and combinations of such seeds, and may
33 include common and restricted noxious weed seeds but not prohibited
34 noxious weed seeds.

35 (3) "Blend" means seed consisting of more than one variety of a
36 kind, each in excess of five percent by weight of the whole.

- 1 (4) "Bulk seed" means seed distributed in a nonpackage form.
- 2 (5) "Certifying agency" means (a) an agency authorized under the
3 laws of any state, territory, or possession to certify seed officially
4 and which has standards and procedures approved by the United States
5 secretary of agriculture to assure the genetic purity and identity of
6 the seed certified; or (b) an agency of a foreign country determined by
7 the United States secretary of agriculture to adhere to procedures and
8 standards for seed certification comparable to those adhered to
9 generally by seed-certifying agencies under (a) of this subsection.
- 10 (6) "Conditioning" means drying, cleaning, scarifying, and other
11 operations that could change the purity or germination of the seed and
12 require the seed lot to be retested to determine the label information.
- 13 (7) "Dealer" means any person who distributes.
- 14 (8) "Department" means the department of agriculture of the state
15 of Washington or its duly authorized representative.
- 16 (9) "Director" means the director of the department of agriculture.
- 17 (10) "Distribute" means to import, consign, offer for sale, hold
18 for sale, sell, barter, or otherwise supply seed in this state.
- 19 (11) "Flower seeds" includes seeds of herbaceous plants grown from
20 their blooms, ornamental foliage, or other ornamental parts, and
21 commonly known and sold under the name of flower seeds in this state.
- 22 (12) The terms "foundation seed," "registered seed," and "certified
23 seed" mean seed that has been produced and labeled in compliance with
24 the regulations of the department.
- 25 (13) "Germination" means the emergence and development from the
26 seed embryo of those essential structures which, for the kind of seed
27 in question, are indicative of the ability to produce a normal plant
28 under favorable conditions.
- 29 (14) "Hard seeds" means seeds that remain hard at the end of the
30 prescribed test period because they have not absorbed water due to an
31 impermeable seed coat.
- 32 (15) "Hybrid" means the first generation seed of a cross produced
33 by controlling the pollination and by combining (a) two or more inbred
34 lines; (b) one inbred or a single cross with an open pollinated
35 variety; or (c) two varieties or species, except open-pollinated
36 varieties of corn (*Zea mays*). The second generation or subsequent
37 generations from such crosses (~~shall~~) are not (~~be~~) regarded as

1 hybrids. Hybrid designations (~~shall~~) must be treated as variety
2 names.

3 (16) "Inert matter" means all matter not seed, that includes broken
4 seeds, sterile florets, chaff, fungus bodies, and stones as determined
5 by methods defined by rule.

6 (17) "Kind" means one or more related species or subspecies that
7 singly or collectively is known by one common name, for example, corn,
8 oats, alfalfa, and timothy.

9 (18) "Label" includes a tag or other device attached to or written,
10 stamped, or printed on any container or accompanying any lot of bulk
11 seeds purporting to set forth the information required on the seed
12 label by this chapter, and it may include any other information
13 relating to the labeled seed.

14 (19) "Lot" means a definite quantity of seed identified by a lot
15 number or other mark, every portion or bag of which is uniform within
16 recognized tolerances for the factors that appear in the labeling.

17 (20) "Lot number" (~~shall~~) must identify the producer or dealer
18 and year of production or the year distributed for each lot of seed.
19 This requirement may be satisfied by use of a conditioner's or dealer's
20 code.

21 (21) "~~(Master license)~~ Business licensing system" means the
22 mechanism established by chapter 19.02 RCW by which (~~master~~) business
23 licenses, endorsed for individual state-issued licenses, are issued and
24 renewed using a (~~master~~) business license application and a
25 (~~master~~) business license expiration date common to each renewable
26 license endorsement.

27 (22) "Mixture," "mix," or "mixed" means seed consisting of more
28 than one kind, each in excess of five percent by weight of the whole.

29 (23) "Official sample" means any sample of seed taken and
30 designated as official by the department.

31 (24) "Other crop seed" means seed of plants grown as crops, other
32 than the kind or variety included in the pure seed, as determined by
33 methods defined by rule.

34 (25) "Prohibited (primary) noxious weed seeds" are the seeds of
35 weeds which when established are highly destructive, competitive,
36 and/or difficult to control by cultural or chemical practices.

37 (26) "Person" means an individual, partnership, corporation,
38 company, association, receiver, trustee, or agent.

1 (27) "Pure live seed" means the product of the percent of
2 germination plus hard or dormant seed multiplied by the percent of pure
3 seed divided by one hundred. The result is expressed as a whole
4 number.

5 (28) "Pure seed" means seed exclusive of inert matter and all other
6 seeds not of the seed being considered as determined by methods defined
7 by rule.

8 (29) "Restricted (secondary) noxious weed seeds" are the seeds of
9 weeds which are objectionable in fields, lawns, and gardens of this
10 state, but which can be controlled by cultural or chemical practices.

11 (30) "Retail" means to distribute to the ultimate consumer.

12 (31) "Screenings" mean chaff, seed, weed seed, inert matter, and
13 other materials removed from seed in cleaning or conditioning.

14 (32) "Seed labeling registrant" means a person who has obtained a
15 permit to label seed for distribution in this state.

16 (33) "Seeds" mean agricultural or vegetable seeds or other seeds as
17 determined by rules adopted by the department.

18 (34) "Stop sale, use, or removal order" means an administrative
19 order restraining the sale, use, disposition, and movement of a
20 specific amount of seed.

21 (35) "Treated" means that the seed has received an application of
22 a substance, or that it has been subjected to a process for which a
23 claim is made.

24 (36) "Type" means a group of varieties so nearly similar that the
25 individual varieties cannot be clearly differentiated except under
26 special conditions.

27 (37) "Variety" means a subdivision of a kind that is distinct,
28 uniform, and stable; "distinct" in the sense that the variety can be
29 differentiated by one or more identifiable morphological,
30 physiological, or other characteristics from all other varieties of
31 public knowledge; "uniform" in the sense that variations in essential
32 and distinctive characteristics are describable; and "stable" in the
33 sense that the variety will remain unchanged in its essential and
34 distinctive characteristics and its uniformity when reproduced or
35 reconstituted as required by the different categories of varieties.

36 (38) "Vegetable seeds" includes the seeds of those crops that are
37 grown in gardens and on truck farms and are generally known and sold
38 under the name of vegetable or herb seeds in this state.

1 (39) "Weed seeds" include the seeds of all plants generally
2 recognized as weeds within this state, and includes the seeds of
3 prohibited and restricted noxious weeds as determined by regulations
4 adopted by the department.

5 (40) "Inoculant" means a commercial preparation containing nitrogen
6 fixing bacteria applied to the seed.

7 (41) "Coated seed" means seed that has been treated and has
8 received an application of inert material during the treatment process.

9 **Sec. 306.** RCW 15.49.380 and 2010 c 8 s 6064 are each amended to
10 read as follows:

11 (1) No person (~~shall~~) may distribute seeds without having
12 obtained a dealer's license for each regular place of business(~~+~~
13 ~~PROVIDED, That no~~). However, a license (~~shall be~~) is not required
14 of a person who distributes seeds only in sealed packages of eight
15 ounces or less, packed by a seed labeling registrant and bearing the
16 name and address of the registrant(~~+~~~~PROVIDED FURTHER, That~~).
17 Moreover, a license (~~shall not be~~) is not required of any grower
18 selling seeds of his or her own production exclusively. Such seed sold
19 by such grower must be properly labeled as provided in this chapter.
20 Each dealer's license (~~shall~~) must cost twenty-five dollars,
21 (~~shall~~) must be issued through the (~~master license~~) business
22 licensing system, (~~shall~~) must bear the date of issue, (~~shall~~) must
23 expire on the (~~master~~) business license expiration date and (~~shall~~)
24 must be prominently displayed in each place of business.

25 (2) Persons custom conditioning and/or custom treating seeds for
26 others for remuneration (~~shall be~~) are considered dealers for the
27 purpose of this chapter.

28 (3) Application for a license to distribute seed (~~shall~~) must be
29 through the (~~master license~~) business licensing system and (~~shall~~)
30 must include the name and address of the person applying for the
31 license, the name of a person domiciled in this state authorized to
32 receive and accept service or legal notices of all kinds, and any other
33 reasonable and practical information prescribed by the department
34 necessary to carry out the purposes and provisions of this chapter.

35 **Sec. 307.** RCW 15.49.390 and 1982 c 182 s 25 are each amended to
36 read as follows:

1 If an application for renewal of the dealer's license provided for
2 in RCW 15.49.380, is not filed prior to the (~~master~~) business license
3 expiration date, the (~~master~~) business license delinquency fee
4 (~~shall be~~) is assessed under chapter 19.02 RCW and (~~shall~~) must be
5 paid by the applicant before the renewal license shall be issued.

6 **Sec. 308.** RCW 15.54.275 and 1998 c 36 s 3 are each amended to read
7 as follows:

8 (1) No person may distribute a bulk fertilizer in this state until
9 a license to distribute has been obtained by that person. An annual
10 license is required for each out-of-state or in-state location that
11 distributes bulk fertilizer in Washington state. An application for
12 each location (~~shall~~) must be filed on forms provided by the (~~master~~
13 ~~license~~) business licensing system established under chapter 19.02 RCW
14 and (~~shall~~) must be accompanied by an annual fee of twenty-five
15 dollars per location. The license (~~shall~~) expires on the (~~master~~)
16 business license expiration date.

17 (2) An application for license (~~shall~~) must include the
18 following:

- 19 (a) The name and address of licensee.
- 20 (b) Any other information required by the department by rule.

21 (3) The name and address shown on the license (~~shall~~) must be
22 shown on all labels, pertinent invoices, and storage facilities for
23 fertilizer distributed by the licensee in this state.

24 (4) If an application for license renewal provided for in this
25 section is not filed prior to the (~~master~~) business license
26 expiration date, a delinquency fee of twenty-five dollars (~~shall be~~)
27 is assessed and added to the original fee and (~~shall~~) must be paid by
28 the applicant before the renewal license (~~shall be~~) is issued. The
29 assessment of this delinquency fee (~~shall~~) does not prevent the
30 department from taking any other action as provided for in this
31 chapter. The penalty (~~shall~~) does not apply if the applicant
32 furnishes an affidavit that he or she has not distributed this
33 commercial fertilizer subsequent to the expiration of his or her prior
34 license.

35 **Sec. 309.** RCW 15.58.030 and 2011 c 103 s 35 are each reenacted and
36 amended to read as follows:

1 (~~As used in this chapter the words and phrases defined in this~~
2 ~~section shall have the meanings indicated~~) The definitions in this
3 section apply throughout this chapter unless the context clearly
4 requires otherwise.

5 (1) "Active ingredient" means any ingredient which will prevent,
6 destroy, repel, control, or mitigate pests, or which will act as a
7 plant regulator, defoliant, desiccant, or spray adjuvant.

8 (2) "Antidote" means the most practical immediate treatment in case
9 of poisoning and includes first aid treatment.

10 (3) "Arthropod" means any invertebrate animal that belongs to the
11 phylum arthropoda, which in addition to insects, includes allied
12 classes whose members are wingless and usually have more than six legs;
13 for example, spiders, mites, ticks, centipedes, and isopod crustaceans.

14 (4) "Complete wood destroying organism inspection" means inspection
15 for the purpose of determining evidence of infestation, damage, or
16 conducive conditions as part of the transfer, exchange, or refinancing
17 of any structure in Washington state. Complete wood destroying
18 organism inspections include any wood destroying organism inspection
19 that is conducted as the result of telephone solicitation by an
20 inspection, pest control, or other business, even if the inspection
21 would fall within the definition of a specific wood destroying organism
22 inspection.

23 (5) "Defoliant" means any substance or mixture of substances
24 intended to cause the leaves or foliage to drop from a plant with or
25 without causing abscission.

26 (6) "Department" means the Washington state department of
27 agriculture.

28 (7) "Desiccant" means any substance or mixture of substances
29 intended to artificially accelerate the drying of plant tissues.

30 (8) "Device" means any instrument or contrivance intended to trap,
31 destroy, control, repel, or mitigate pests, or to destroy, control,
32 repel or mitigate fungi, nematodes, or such other pests, as may be
33 designated by the director, but not including equipment used for the
34 application of pesticides when sold separately from the pesticides.

35 (9) "Director" means the director of the department or a duly
36 authorized representative.

37 (10) "Distribute" means to offer for sale, hold for sale, sell,
38 barter, or supply pesticides in this state.

1 (11) "EPA" means the United States environmental protection agency.
2 (12) "EPA restricted use pesticide" means any pesticide with
3 restricted uses as classified for restricted use by the administrator,
4 EPA.
5 (13) "FIFRA" means the federal insecticide, fungicide, and
6 rodenticide act as amended (61 Stat. 163, 7 U.S.C. Sec. 136 et seq.).
7 (14) "Fungi" means all nonchlorophyll-bearing thallophytes (all
8 nonchlorophyll-bearing plants of a lower order than mosses and
9 liverworts); for example, rusts, smuts, mildews, molds, yeasts, and
10 bacteria, except those on or in living persons or other animals.
11 (15) "Fungicide" means any substance or mixture of substances
12 intended to prevent, destroy, repel, or mitigate any fungi.
13 (16) "Herbicide" means any substance or mixture of substances
14 intended to prevent, destroy, repel, or mitigate any weed.
15 (17) "Inert ingredient" means an ingredient which is not an active
16 ingredient.
17 (18) "Ingredient statement" means a statement of the name and
18 percentage of each active ingredient together with the total percentage
19 of the inert ingredients in the pesticide, and when the pesticide
20 contains arsenic in any form, the ingredient statement shall also
21 include percentages of total and water soluble arsenic, each calculated
22 as elemental arsenic. The ingredient statement for a spray adjuvant
23 must be consistent with the labeling requirements adopted by rule.
24 (19) "Insect" means any of the numerous small invertebrate animals
25 whose bodies are more or less obviously segmented, and which for the
26 most part belong to the class insecta, comprising six-legged, usually
27 winged forms, for example, beetles, bugs, bees, flies, and to other
28 allied classes of arthropods whose members are wingless and usually
29 have more than six legs, for example, spiders, mites, ticks,
30 centipedes, and isopod crustaceans.
31 (20) "Insecticide" means any substance or mixture of substances
32 intended to prevent, destroy, repel, or mitigate any insects which may
33 be present in any environment whatsoever.
34 (21) "Inspection control number" means a number obtained from the
35 department that is recorded on wood destroying organism inspection
36 reports issued by a structural pest inspector in conjunction with the
37 transfer, exchange, or refinancing of any structure.

1 (22) "Label" means the written, printed, or graphic matter on, or
2 attached to, the pesticide, device, or immediate container, and the
3 outside container or wrapper of the retail package.

4 (23) "Labeling" means all labels and other written, printed, or
5 graphic matter:

6 (a) Upon the pesticide, device, or any of its containers or
7 wrappers;

8 (b) Accompanying the pesticide, or referring to it in any other
9 media used to disseminate information to the public; and

10 (c) To which reference is made on the label or in literature
11 accompanying or referring to the pesticide or device except when
12 accurate nonmisleading reference is made to current official
13 publications of the department, United States departments of
14 agriculture; interior; education; health and human services; state
15 agricultural colleges; and other similar federal or state institutions
16 or agencies authorized by law to conduct research in the field of
17 pesticides.

18 (24) "Land" means all land and water areas, including airspace and
19 all plants, animals, structures, buildings, devices and contrivances,
20 appurtenant thereto or situated thereon, fixed or mobile, including any
21 used for transportation.

22 (25) "~~((Master license))~~ Business licensing system" means the
23 mechanism established by chapter 19.02 RCW by which ~~((master))~~ business
24 licenses, endorsed for individual state-issued licenses, are issued and
25 renewed using a ~~((master))~~ business license application and a
26 ~~((master))~~ business license expiration date common to each renewable
27 license endorsement.

28 (26) "Nematocide" means any substance or mixture of substances
29 intended to prevent, destroy, repel, or mitigate nematodes.

30 (27) "Nematode" means any invertebrate animal of the phylum
31 nemathelminthes and class nematoda, that is, unsegmented round worms
32 with elongated, fusiform, or saclike bodies covered with cuticle, and
33 inhabiting soil, water, plants or plant parts, may also be called nemas
34 or eelworms.

35 (28) "Person" means any individual, partnership, association,
36 corporation, or organized group of persons whether or not incorporated.

37 (29) "Pest" means, but is not limited to, any insect, rodent,
38 nematode, snail, slug, weed and any form of plant or animal life or

1 virus, except virus on or in a living person or other animal, which is
2 normally considered to be a pest or which the director may declare to
3 be a pest.

4 (30) "Pest control consultant" means any individual who sells or
5 offers for sale at other than a licensed pesticide dealer outlet or
6 location where they are employed, or who offers or supplies technical
7 advice or makes recommendations to the user of:

8 (a) Highly toxic pesticides, as determined under RCW 15.58.040;

9 (b) EPA restricted use pesticides or restricted use pesticides
10 which are restricted by rule to distribution by licensed pesticide
11 dealers only; or

12 (c) Any other pesticide except those pesticides which are labeled
13 and intended for home and garden use only.

14 (31) "Pesticide" means, but is not limited to:

15 (a) Any substance or mixture of substances intended to prevent,
16 destroy, control, repel, or mitigate any insect, rodent, snail, slug,
17 fungus, weed, and any other form of plant or animal life or virus,
18 except virus on or in a living person or other animal which is normally
19 considered to be a pest or which the director may declare to be a pest;

20 (b) Any substance or mixture of substances intended to be used as
21 a plant regulator, defoliant or desiccant; and

22 (c) Any spray adjuvant.

23 (32) "Pesticide dealer" means any person who distributes any of the
24 following pesticides:

25 (a) Highly toxic pesticides, as determined under RCW 15.58.040;

26 (b) EPA restricted use pesticides or restricted use pesticides
27 which are restricted by rule to distribution by licensed pesticide
28 dealers only; or

29 (c) Any other pesticide except those pesticides which are labeled
30 and intended for home and garden use only.

31 (33) "Pesticide dealer manager" means the owner or other individual
32 supervising pesticide distribution at one outlet holding a pesticide
33 dealer license.

34 (34) "Plant regulator" means any substance or mixture of substances
35 intended through physiological action, to accelerate or retard the rate
36 of growth or maturation, or to otherwise alter the behavior of
37 ornamental or crop plants or their produce, but (~~shall~~) does not

1 include substances insofar as they are intended to be used as plant
2 nutrients, trace elements, nutritional chemicals, plant inoculants, or
3 soil amendments.

4 (35) "Registrant" means the person registering any pesticide under
5 the provisions of this chapter.

6 (36) "Restricted use pesticide" means any pesticide or device
7 which, when used as directed or in accordance with a widespread and
8 commonly recognized practice, the director determines, subsequent to a
9 hearing, requires additional restrictions for that use to prevent
10 unreasonable adverse effects on the environment including people,
11 lands, beneficial insects, animals, crops, and wildlife, other than
12 pests.

13 (37) "Rodenticide" means any substance or mixture of substances
14 intended to prevent, destroy, repel, or mitigate rodents, or any other
15 vertebrate animal which the director may declare by rule to be a pest.

16 (38) "Special local needs registration" means a registration issued
17 by the director pursuant to provisions of section 24(c) of FIFRA.

18 (39) "Specific wood destroying organism inspection" means an
19 inspection of a structure for purposes of identifying or verifying
20 evidence of an infestation of wood destroying organisms prior to pest
21 management activities.

22 (40) "Spray adjuvant" means any product intended to be used with a
23 pesticide as an aid to the application or to the effect of the
24 pesticide, and which is in a package or container separate from the
25 pesticide. Spray adjuvant includes, but is not limited to, acidifiers,
26 compatibility agents, crop oil concentrates, defoaming agents, drift
27 control agents, modified vegetable oil concentrates, nonionic
28 surfactants, organosilicone surfactants, stickers, and water
29 conditioning agents. Spray adjuvant does not include products that are
30 only intended to mark the location where a pesticide is applied.

31 (41) "Structural pest inspector" means any individual who performs
32 the service of conducting a complete wood destroying organism
33 inspection or a specific wood destroying organism inspection.

34 (42) "Unreasonable adverse effects on the environment" means any
35 unreasonable risk to people or the environment taking into account the
36 economic, social, and environmental costs and benefits of the use of
37 any pesticide, or as otherwise determined by the director.

38 (43) "Weed" means any plant which grows where not wanted.

1 (44) "Wood destroying organism" means insects or fungi that
2 consume, excavate, develop in, or otherwise modify the integrity of
3 wood or wood products. Wood destroying organism includes, but is not
4 limited to, carpenter ants, moisture ants, subterranean termites,
5 dampwood termites, beetles in the family Anobiidae, and wood decay
6 fungi (wood rot).

7 (45) "Wood destroying organism inspection report" means any written
8 document that reports or comments on the presence or absence of wood
9 destroying organisms, their damage, and/or conducive conditions leading
10 to the establishment of such organisms.

11 **Sec. 310.** RCW 15.58.180 and 2008 c 285 s 16 are each amended to
12 read as follows:

13 (1) Except as provided in subsections (4) and (5) of this section,
14 it is unlawful for any person to act in the capacity of a pesticide
15 dealer or advertise as or assume to act as a pesticide dealer without
16 first having obtained an annual license from the director. The license
17 expires on the (~~master~~) business license expiration date. A license
18 is required for each location or outlet located within this state from
19 which pesticides are distributed. A manufacturer, registrant, or
20 distributor who has no pesticide dealer outlet licensed within this
21 state and who distributes pesticides directly into this state must
22 obtain a pesticide dealer license for his or her principal out-of-state
23 location or outlet, but such a licensed out-of-state pesticide dealer
24 is exempt from the pesticide dealer manager requirements.

25 (2) Application for a license must be accompanied by a fee of
26 sixty-seven dollars and must be made through the (~~master-license~~)
27 business licensing system and must include the full name of the person
28 applying for the license and the name of the individual within the
29 state designated as the pesticide dealer manager. If the applicant is
30 a partnership, association, corporation, or organized group of persons,
31 the full name of each member of the firm or partnership or the names of
32 the officers of the association or corporation must be given on the
33 application. The application must state the principal business address
34 of the applicant in the state and elsewhere, the name of a person
35 domiciled in this state authorized to receive and accept service of
36 summons of legal notices of all kinds for the applicant, and any other
37 necessary information prescribed by the director.

1 (3) It is unlawful for any licensed dealer outlet to operate
2 without a pesticide dealer manager who has a license of qualification.

3 (4) This section does not apply to (a) a licensed pesticide
4 applicator who sells pesticides only as an integral part of the
5 applicator's pesticide application service when pesticides are
6 dispensed only through apparatuses used for pesticide application, or
7 (b) any federal, state, county, or municipal agency that provides
8 pesticides only for its own programs.

9 (5) A user of a pesticide may distribute a properly labeled
10 pesticide to another user who is legally entitled to use that pesticide
11 without obtaining a pesticide dealer's license if the exclusive purpose
12 of distributing the pesticide is keeping it from becoming a hazardous
13 waste as defined in chapter 70.105 RCW.

14 **Sec. 311.** RCW 15.58.235 and 1989 c 380 s 19 are each amended to
15 read as follows:

16 (1) If an application for renewal of a pesticide dealer license is
17 not filed on or before the (~~master~~) business license expiration date,
18 the (~~master~~) business license delinquency fee (~~shall be~~) is
19 assessed under chapter 19.02 RCW and (~~shall~~) must be paid by the
20 applicant before the renewal license is issued.

21 (2) If application for renewal of any license provided for in this
22 chapter other than the pesticide dealer license is not filed on or
23 before the expiration date of the license, a penalty equivalent to the
24 license fee (~~shall be~~) is assessed and added to the original fee, and
25 (~~shall~~) must be paid by the applicant before the renewal license is
26 issued(~~÷—PROVIDED, That~~). However, such penalty (~~shall~~) does not
27 apply if the applicant furnishes an affidavit certifying that he or she
28 has not acted as a licensee subsequent to the expiration of the
29 license.

30 (3) Any license for which a renewal application has been made, all
31 other requirements have been met, and the proper fee paid, continues in
32 full force and effect until the director notifies the applicant that
33 the license has been renewed or the application has been denied.

34 **Sec. 312.** RCW 18.44.031 and 2010 c 34 s 3 are each amended to read
35 as follows:

36 An application for an escrow agent license (~~shall~~) must be in

1 writing in such form as is prescribed by the director, and (~~shall~~)
2 must be verified on oath by the applicant. An application for an
3 escrow agent license (~~shall~~) must include the following:

4 (1) The applicant's form of business organization and place of
5 organization;

6 (2) Information concerning the identity of the applicant, and its
7 officers, directors, owners, partners, controlling persons, and
8 employees, including fingerprints for submission to the Washington
9 state patrol, the federal bureau of investigation, and any government
10 agency or subdivision authorized to receive information for state and
11 national criminal history background checks; personal history;
12 experience; business record; purposes; and other pertinent facts, as
13 the director may reasonably require. The director may also request
14 criminal history record information, including nonconviction data, as
15 defined by RCW 10.97.030. The department may disseminate nonconviction
16 data obtained under this section only to criminal justice agencies.
17 The applicant must pay the cost of fingerprinting and processing the
18 fingerprints by the department;

19 (3) If the applicant is a corporation or limited liability company,
20 the address of its physical location, a list of officers, controlling
21 persons, and directors of such corporation or company and their
22 residential addresses, telephone numbers, and other identifying
23 information as the director may determine by rule. If the applicant is
24 a sole proprietorship or partnership, the address of its business
25 location, a list of owners, partners, or controlling persons and their
26 residential addresses, telephone numbers, and other identifying
27 information as the director may determine by rule. Any information in
28 the application regarding the personal residential address or telephone
29 number of any officer, director, partner, owner, controlling person, or
30 employee is exempt from the public records disclosure requirements of
31 chapter 42.56 RCW;

32 (4) In the event the applicant is doing business under an assumed
33 name, a copy of the (~~master~~) business license with the registered
34 trade name shown;

35 (5) The qualifications and business history of the applicant and
36 all of its officers, directors, owners, partners, and controlling
37 persons;

1 (6) A personal credit report from a recognized credit reporting
2 bureau satisfactory to the director on all officers, directors, owners,
3 partners, and controlling persons of the applicant;

4 (7) Whether any of the officers, directors, owners, partners, or
5 controlling persons have been convicted of any crime within the
6 preceding ten years which relates directly to the business or duties of
7 escrow agents, or have suffered a judgment within the preceding five
8 years in any civil action involving fraud, misrepresentation, any
9 unfair or deceptive act or practice, or conversion;

10 (8) The identity of the licensed escrow officer designated by the
11 escrow agent as the designated escrow officer responsible for
12 supervising the agent's escrow activity;

13 (9) Evidence of compliance with the bonding and insurance
14 requirements of RCW 18.44.201; and

15 (10) Any other information the director may require by rule. The
16 director may share any information contained within a license
17 application, including fingerprints, with the federal bureau of
18 investigation and other regulatory or law enforcement agencies.

19 **Sec. 313.** RCW 18.64.011 and 2009 c 549 s 1008 are each reenacted
20 and amended to read as follows:

21 The definitions in this section apply throughout this chapter
22 unless the context clearly requires otherwise(~~(, definitions of terms~~
23 ~~shall be as indicated when used in this chapter)~~)).

24 (1) "Administer" means the direct application of a drug or device,
25 whether by injection, inhalation, ingestion, or any other means, to the
26 body of a patient or research subject.

27 (2) "Board" means the Washington state board of pharmacy.

28 (3) "Compounding" (~~shall be~~) is the act of combining two or more
29 ingredients in the preparation of a prescription.

30 (4) "Controlled substance" means a drug or substance, or an
31 immediate precursor of such drug or substance, so designated under or
32 pursuant to the provisions of chapter 69.50 RCW.

33 (5) "Deliver" or "delivery" means the actual, constructive, or
34 attempted transfer from one person to another of a drug or device,
35 whether or not there is an agency relationship.

36 (6) "Department" means the department of health.

1 (7) "Device" means instruments, apparatus, and contrivances,
2 including their components, parts, and accessories, intended (a) for
3 use in the diagnosis, cure, mitigation, treatment, or prevention of
4 disease in human beings or other animals, or (b) to affect the
5 structure or any function of the body of human beings or other animals.

6 (8) "Dispense" means the interpretation of a prescription or order
7 for a drug, biological, or device and, pursuant to that prescription or
8 order, the proper selection, measuring, compounding, labeling, or
9 packaging necessary to prepare that prescription or order for delivery.

10 (9) "Distribute" means the delivery of a drug or device other than
11 by administering or dispensing.

12 (10) (~~The words~~) "Drug" and "devices" (~~shall~~) do not include
13 surgical or dental instruments or laboratory materials, gas and oxygen,
14 therapy equipment, X-ray apparatus or therapeutic equipment, their
15 component parts or accessories, or equipment, instruments, apparatus,
16 or contrivances used to render such articles effective in medical,
17 surgical, or dental treatment, or for use or consumption in or for
18 mechanical, industrial, manufacturing, or scientific applications or
19 purposes(~~, nor shall the word~~). "Drug" also does not include any
20 article or mixture covered by the Washington pesticide control act
21 (chapter 15.58 RCW), as enacted or hereafter amended, nor medicated
22 feed intended for and used exclusively as a feed for animals other than
23 human beings.

24 (11) "Drugs" means:

25 (a) Articles recognized in the official United States pharmacopoeia
26 or the official homeopathic pharmacopoeia of the United States;

27 (b) Substances intended for use in the diagnosis, cure, mitigation,
28 treatment, or prevention of disease in human beings or other animals;

29 (c) Substances (other than food) intended to affect the structure
30 or any function of the body of human beings or other animals; or

31 (d) Substances intended for use as a component of any substances
32 specified in (a), (b), or (c) of this subsection, but not including
33 devices or their component parts or accessories.

34 (12) "Health care entity" means an organization that provides
35 health care services in a setting that is not otherwise licensed by the
36 state. Health care entity includes a freestanding outpatient surgery
37 center or a freestanding cardiac care center. It does not include an
38 individual practitioner's office or a multipractitioner clinic.

1 (13) "Labeling" (~~shall~~) means the process of preparing and
2 affixing a label to any drug or device container. The label must
3 include all information required by current federal and state law and
4 pharmacy rules.

5 (14) "Legend drugs" means any drugs which are required by any
6 applicable federal or state law or regulation to be dispensed on
7 prescription only or are restricted to use by practitioners only.

8 (15) "Manufacture" means the production, preparation, propagation,
9 compounding, or processing of a drug or other substance or device or
10 the packaging or repackaging of such substance or device, or the
11 labeling or relabeling of the commercial container of such substance or
12 device, but does not include the activities of a practitioner who, as
13 an incident to his or her administration or dispensing such substance
14 or device in the course of his or her professional practice, prepares,
15 compounds, packages, or labels such substance or device.

16 (16) "Manufacturer" shall mean a person, corporation, or other
17 entity engaged in the manufacture of drugs or devices.

18 (17) "~~(Master license)~~ Business licensing system" means the
19 mechanism established by chapter 19.02 RCW by which (~~master~~) business
20 licenses, endorsed for individual state-issued licenses, are issued and
21 renewed utilizing a (~~master~~) business license application and a
22 (~~master~~) business license expiration date common to each renewable
23 license endorsement.

24 (18) "Nonlegend" or "nonprescription" drugs means any drugs which
25 may be lawfully sold without a prescription.

26 (19) "Person" means an individual, corporation, government,
27 governmental subdivision or agency, business trust, estate, trust,
28 partnership or association, or any other legal entity.

29 (20) "Pharmacist" means a person duly licensed by the Washington
30 state board of pharmacy to engage in the practice of pharmacy.

31 (21) "Pharmacy" means every place properly licensed by the board of
32 pharmacy where the practice of pharmacy is conducted.

33 (22) (~~The word~~) "Poison" (~~shall~~) does not include any article
34 or mixture covered by the Washington pesticide control act (chapter
35 15.58 RCW), as enacted or hereafter amended.

36 (23) "Practice of pharmacy" includes the practice of and
37 responsibility for: Interpreting prescription orders; the compounding,
38 dispensing, labeling, administering, and distributing of drugs and

1 devices; the monitoring of drug therapy and use; the initiating or
2 modifying of drug therapy in accordance with written guidelines or
3 protocols previously established and approved for his or her practice
4 by a practitioner authorized to prescribe drugs; the participating in
5 drug utilization reviews and drug product selection; the proper and
6 safe storing and distributing of drugs and devices and maintenance of
7 proper records thereof; the providing of information on legend drugs
8 which may include, but is not limited to, the advising of therapeutic
9 values, hazards, and the uses of drugs and devices.

10 (24) "Practitioner" means a physician, dentist, veterinarian,
11 nurse, or other person duly authorized by law or rule in the state of
12 Washington to prescribe drugs.

13 (25) "Prescription" means an order for drugs or devices issued by
14 a practitioner duly authorized by law or rule in the state of
15 Washington to prescribe drugs or devices in the course of his or her
16 professional practice for a legitimate medical purpose.

17 (26) "Secretary" means the secretary of health or the secretary's
18 designee.

19 (27) "Wholesaler" (~~shall~~) means a corporation, individual, or
20 other entity which buys drugs or devices for resale and distribution to
21 corporations, individuals, or entities other than consumers.

22 **Sec. 314.** RCW 18.64.044 and 2005 c 388 s 5 are each amended to
23 read as follows:

24 (1) A shopkeeper registered as provided in this section may sell
25 nonprescription drugs, if such drugs are sold in the original package
26 of the manufacturer.

27 (2) Every shopkeeper not a licensed pharmacist, desiring to secure
28 the benefits and privileges of this section, is (~~hereby~~) required to
29 register as a shopkeeper through the (~~master license system~~) business
30 licensing system established under chapter 19.02 RCW, and he or she
31 (~~shall~~) must pay the fee determined by the secretary for
32 registration, and on a date to be determined by the secretary
33 thereafter the fee determined by the secretary for renewal of the
34 registration; and (~~shall~~) must at all times keep said registration or
35 the current renewal thereof conspicuously exposed in the location to
36 which it applies. In event such shopkeeper's registration is not
37 renewed by the (~~master~~) business license expiration date, no renewal

1 or new registration (~~shall~~) may be issued except upon payment of the
2 registration renewal fee and the (~~master~~) business license
3 delinquency fee under chapter 19.02 RCW. This registration fee
4 (~~shall~~) does not authorize the sale of legend drugs or controlled
5 substances.

6 (3) The registration fees determined by the secretary under
7 subsection (2) of this section (~~shall~~) may not exceed the cost of
8 registering the shopkeeper.

9 (4) Any shopkeeper who (~~shall~~) vends or sells, or offers to sell
10 to the public any such nonprescription drug or preparation without
11 having registered to do so as provided in this section, (~~shall be~~) is
12 guilty of a misdemeanor and each sale or offer to sell (~~shall~~)
13 constitutes a separate offense.

14 (5) A shopkeeper who is not a licensed pharmacy may purchase
15 products containing any detectable quantity of ephedrine,
16 pseudoephedrine, or phenylpropanolamine, or their salts, isomers, or
17 salts of isomers, only from a wholesaler licensed by the department
18 under RCW 18.64.046 or from a manufacturer licensed by the department
19 under RCW 18.64.045. The board (~~shall~~) must issue a warning to a
20 shopkeeper who violates this subsection, and may suspend or revoke the
21 registration of the shopkeeper for a subsequent violation.

22 (6) A shopkeeper who has purchased products containing any
23 detectable quantity of ephedrine, pseudoephedrine, or
24 phenylpropanolamine, or their salts, isomers, or salts of isomers, in
25 a suspicious transaction as defined in RCW 69.43.035, is subject to the
26 following requirements:

27 (a) The shopkeeper may not sell any quantity of ephedrine,
28 pseudoephedrine, or phenylpropanolamine, or their salts, isomers, or
29 salts of isomers, if the total monthly sales of these products exceed
30 ten percent of the shopkeeper's total prior monthly sales of
31 nonprescription drugs in March through October. In November through
32 February, the shopkeeper may not sell any quantity of ephedrine,
33 pseudoephedrine, or phenylpropanolamine, or their salts, isomers, or
34 salts of isomers, if the total monthly sales of these products exceed
35 twenty percent of the shopkeeper's total prior monthly sales of
36 nonprescription drugs. For purposes of this section, "monthly sales"
37 means total dollars paid by buyers. The board may suspend or revoke
38 the registration of a shopkeeper who violates this subsection.

1 (b) The shopkeeper (~~shall~~) must maintain inventory records of the
2 receipt and disposition of nonprescription drugs, utilizing existing
3 inventory controls if an auditor or investigator can determine
4 compliance with (a) of this subsection, and otherwise in the form and
5 manner required by the board. The records must be available for
6 inspection by the board or any law enforcement agency and must be
7 maintained for two years. The board may suspend or revoke the
8 registration of a shopkeeper who violates this subsection. For
9 purposes of this subsection, "disposition" means the return of product
10 to the wholesaler or distributor.

11 **Sec. 315.** RCW 19.02.010 and 1982 c 182 s 1 are each amended to
12 read as follows:

13 (1) Experience under the pilot program of the business coordination
14 act suggests that the number of state licenses required for new
15 businesses and the renewal of existing licenses places an undue burden
16 on business. Studies under this act also show that the state can
17 reduce its costs by coordinating and consolidating application forms,
18 information, and licenses. Therefore, the legislature extends the
19 business coordination act by establishing a business license program
20 and license center to develop and implement the following goals and
21 objectives:

22 ~~((1))~~ (a) The first goal of this system is to provide a
23 convenient, accessible, and timely one-stop system for the business
24 community to acquire and maintain the necessary state licenses to
25 conduct business. This system (~~shall~~) must be developed and operated
26 in the most cost-efficient manner for the business community and state.
27 The objectives of this goal are:

28 ~~((a))~~ (i) To provide a service whereby information is available
29 to the business community concerning all state licensing and regulatory
30 requirements, and to the extent feasible, include local and federal
31 information concerning the same regulated activities;

32 ~~((b))~~ (ii) To provide a system which (~~will~~) enables state
33 agencies to efficiently store, retrieve, and exchange license
34 information with due regard to privacy statutes; to issue and renew
35 (~~master~~) business licenses where such licenses are appropriate; and
36 to provide appropriate support services for this objective;

1 ~~((c))~~ (iii) To provide at designated locations one consolidated
2 application form to be completed by any given applicant; and

3 ~~((d))~~ (iv) To provide a statewide system of common business
4 identification.

5 ~~((2))~~ (b) The second goal of this system is to aid business and
6 the growth of business in Washington state by instituting a ~~((master))~~
7 business license system that ~~((will))~~ reduces the paperwork burden on
8 business, and promotes the elimination of obsolete and duplicative
9 licensing requirements by consolidating existing licenses and
10 applications.

11 (2) It is the intent of the legislature that the authority for
12 determining if a requested license ~~((shall be))~~ is issued ~~((shall))~~
13 remains with the agency legally authorized to issue the license.

14 (3) It is the further intent of the legislature that those licenses
15 which no longer serve a useful purpose in regulating certain business
16 activities should be eliminated.

17 **Sec. 316.** RCW 19.02.020 and 2011 c 298 s 4 are each reenacted and
18 amended to read as follows:

19 The definitions in this section apply throughout this chapter
20 unless the context clearly requires otherwise.

21 (1) "Business license" means the single document designed for
22 public display issued by the business licensing service, which
23 certifies state agency or local government license approval and which
24 incorporates the endorsements for individual licenses included in the
25 business licensing system, which the state or local government requires
26 for any person subject to this chapter.

27 (2) "Business license application" means a document incorporating
28 pertinent data from existing applications for licenses covered under
29 this chapter.

30 (3) "Business ~~((license center))~~ licensing service" means the
31 business registration and licensing ~~((center))~~ service established by
32 this chapter and located in and under the administrative control of the
33 department ~~((of revenue)).~~

34 ~~((2))~~ (4) "Department" means the department of revenue.

35 ~~((3))~~ (5) "Director" means the director of ~~((revenue))~~ the
36 department.

1 ~~((4))~~ (6) "License" means the whole or part of any agency or
2 local government permit, license, certificate, approval, registration,
3 charter, or any form or permission required by law, including agency
4 rule, to engage in any activity.

5 ~~((5))~~ (7) "License information packet" means a collection of
6 information about licensing requirements and application procedures
7 custom-assembled for each request.

8 ~~((6) "Master application" means a document incorporating pertinent
9 data from existing applications for licenses covered under this
10 chapter.~~

11 ~~(7) "Master license" means the single document designed for public
12 display issued by the business license center which certifies state
13 agency or local government license approval and which incorporates the
14 endorsements for individual licenses included in the master license
15 system, which the state or local government requires for any person
16 subject to this chapter.)~~

17 (8) "Participating local government" means a municipal corporation
18 or political subdivision that participates in the ~~((master license))~~
19 business licensing system established by this chapter.

20 (9) "Person" means any individual, sole proprietorship,
21 partnership, association, cooperative, corporation, nonprofit
22 organization, state or local government agency, and any other
23 organization required to register with the state or a participating
24 local government to do business in the state or the participating local
25 government and to obtain one or more licenses from the state or any of
26 its agencies or the participating local government.

27 (10) "Regulatory" means all licensing and other governmental or
28 statutory requirements pertaining to business or professional
29 activities.

30 (11) "Regulatory agency" means any state agency, board, commission,
31 division, or local government that regulates one or more professions,
32 occupations, industries, businesses, or activities.

33 (12) "Renewal application" means a document used to collect
34 pertinent data for renewal of licenses covered under this chapter.

35 (13) "System" or "~~((master license))~~ business licensing system"
36 means the procedure by which ~~((master))~~ business licenses are issued
37 and renewed, license and regulatory information is collected and

1 disseminated with due regard to privacy statutes, and account data is
2 exchanged by the agencies and participating local governments.

3 **Sec. 317.** RCW 19.02.030 and 2011 c 298 s 5 are each amended to
4 read as follows:

5 (1) There is located within the department a business ((~~license~~
6 ~~center~~)) licensing service.

7 (2) The duties of the ((~~center~~)) business licensing service
8 include:

9 (a) Developing and administering a computerized one-stop ((~~master~~
10 ~~license~~)) business licensing system capable of storing, retrieving, and
11 exchanging license information with due regard to privacy statutes, as
12 well as issuing and renewing ((~~master~~)) business licenses in an
13 efficient manner;

14 (b) Providing a license information service detailing requirements
15 to establish or engage in business in this state;

16 (c) Providing for staggered ((~~master~~)) business license renewal
17 dates;

18 (d) Identifying types of licenses appropriate for inclusion in the
19 ((~~master license~~)) business licensing system;

20 (e) Recommending in reports to the governor and the legislature the
21 elimination, consolidation, or other modification of duplicative,
22 ineffective, or inefficient licensing or inspection requirements; and

23 (f) Incorporating licenses into the ((~~master license~~)) business
24 licensing system.

25 (3) The department may adopt under chapter 34.05 RCW such rules as
26 may be necessary to effectuate the purposes of this chapter.

27 **Sec. 318.** RCW 19.02.035 and 1982 c 182 s 4 are each amended to
28 read as follows:

29 (1) The business ((~~license center shall~~)) licensing service must
30 compile information regarding the regulatory programs associated with
31 each of the licenses obtainable under the ((~~master license~~)) business
32 licensing system. This information ((~~shall~~)) must include, at a
33 minimum, a listing of the statutes and administrative rules requiring
34 the licenses and pertaining to the regulatory programs that are
35 directly related to the licensure. For example, for pesticide dealers'

1 licenses, the information (~~((shall))~~) must include the statutes and rules
2 requiring licensing as well as those pertaining to the subject of
3 registering or distributing pesticides.

4 (2) The business (~~((license center shall))~~) licensing service must
5 provide information governed by this section to any person requesting
6 it. Materials used by the (~~((center))~~) business licensing service to
7 describe (~~((the))~~) its services (~~((provided by the center shall))~~) must
8 indicate that this information is available upon request.

9 **Sec. 319.** RCW 19.02.070 and 2011 c 298 s 7 are each amended to
10 read as follows:

11 (1) Any person requiring licenses (~~((which))~~) that have been
12 incorporated into the system must submit a (~~((master))~~) business license
13 application to the department requesting the issuance of the licenses.
14 The (~~((master))~~) business license application form must contain in
15 consolidated form information necessary for the issuance of the
16 licenses.

17 (2) The applicant must include with the application the sum of all
18 fees and deposits required for the requested individual license
19 endorsements as well as the handling fee established by the department
20 under the authority of RCW 19.02.075.

21 (3) Irrespective of any authority delegated to the department to
22 implement the provisions of this chapter, the authority for approving
23 issuance and renewal of any requested license that requires a
24 prelicensing or renewal investigation, inspection, testing, or other
25 judgmental review by the regulatory agency otherwise legally authorized
26 to issue the license must remain with that agency. The business
27 (~~((license center))~~) licensing service has the authority to issue those
28 licenses for which proper fee payment and a completed application form
29 have been received and for which no prelicensing or renewal approval
30 action is required by the regulatory agency.

31 (4) Upon receipt of the application and proper fee payment for any
32 license for which issuance is subject to regulatory agency action under
33 subsection (3) of this section, the department must immediately notify
34 the regulatory agency with authority to approve issuance or renewal of
35 the license requested by the applicant. Each regulatory agency must
36 advise the department within a reasonable time after receiving the
37 notice: (a) That the agency approves the issuance of the requested

1 license and will advise the applicant of any specific conditions
2 required for issuing the license; (b) that the agency denies the
3 issuance of the license and gives the applicant reasons for the denial;
4 or (c) that the application is pending.

5 (5) The department must issue a (~~master~~) business license
6 endorsed for all the approved licenses to the applicant and advise the
7 applicant of the status of other requested licenses. It is the
8 responsibility of the applicant to contest the decision regarding
9 conditions imposed or licenses denied through the normal process
10 established by statute or by the regulatory agency with the authority
11 for approving issuance of the license.

12 (6) Regulatory agencies must be provided information from the
13 (~~master~~) business license application for their licensing and
14 regulatory functions.

15 **Sec. 320.** RCW 19.02.075 and 2011 c 298 s 8 are each amended to
16 read as follows:

17 (1) The department must collect a handling fee on each (~~master~~)
18 business license application and each business license renewal
19 application filing. The department must set the amount of the handling
20 fees by rule, as authorized by RCW 19.02.030. The handling fees may
21 not exceed nineteen dollars for each (~~master~~) business license
22 application, and eleven dollars for each business license renewal
23 application filing, and must be deposited in the (~~master~~) business
24 license (~~fund~~) account. The department may increase handling and
25 renewal fees for the purposes of making improvements in the (~~master~~
26 ~~license~~) business licensing service program, including improvements in
27 technology and customer services, expanded access, and infrastructure.

28 (2) The department may waive the fees imposed in subsection (1) of
29 this section for good cause. The department's decision whether or not
30 to waive a fee may not be overturned by any court except upon a showing
31 by clear and convincing evidence that the department acted arbitrarily
32 in making its decision.

33 **Sec. 321.** RCW 19.02.080 and 1992 c 107 s 3 are each amended to
34 read as follows:

35 All fees collected under the system (~~shall~~) must be deposited
36 with the state treasurer. Upon issuance or renewal of the (~~master~~)

1 business license or supplemental licenses, the department (~~shall~~)
2 must distribute the fees, except for fees covered under RCW 19.02.210
3 and for fees covered under RCW 19.80.075, to the appropriate accounts
4 under the applicable statutes for those agencies' licenses.

5 **Sec. 322.** RCW 19.02.085 and 1992 c 107 s 5 are each amended to
6 read as follows:

7 To encourage timely renewal by applicants, a (~~master~~) business
8 license delinquency fee (~~shall be~~) is imposed on licensees who fail
9 to renew by the (~~master~~) business license expiration date. The
10 (~~master~~) business license delinquency fee (~~shall~~) must be the
11 lesser of one hundred fifty dollars or fifty percent of a base
12 comprised of the licensee's renewal fee minus corporate licensing
13 taxes, corporation annual report fee, and any interest fees or
14 penalties charged for late taxes or corporate renewals. The (~~master~~)
15 business license delinquency fee (~~shall~~) must be added to the renewal
16 fee and paid by the licensee before a (~~master~~) business license
17 (~~shall be~~) is renewed. The delinquency fee (~~shall~~) must be
18 deposited in the (~~master license fund~~) business license account.

19 **Sec. 323.** RCW 19.02.090 and 1982 c 182 s 8 are each amended to
20 read as follows:

21 (1) The department (~~shall~~) must assign an expiration date for
22 each (~~master~~) business license. All renewable licenses endorsed on
23 that (~~master~~) business license (~~shall~~) must expire on that date.
24 License fees (~~shall~~) must be prorated to accommodate the staggering
25 of expiration dates.

26 (2) All renewable licenses endorsed on a (~~master~~) business
27 license (~~shall~~) must be renewed by the department under conditions
28 originally imposed unless a regulatory agency advises the department of
29 conditions or denials to be imposed before the endorsement is renewed.

30 **Sec. 324.** RCW 19.02.100 and 2011 c 298 s 9 are each amended to
31 read as follows:

32 (1) The department may (~~not~~) refuse to issue or renew a
33 (~~master~~) business license to any person if:

34 (a) The person does not have a valid tax registration, if required
35 by a regulatory agency;

1 (b) The person is a corporation delinquent in fees or penalties
2 owing to the secretary of state or is not validly registered under
3 Title 23B RCW, chapter 18.100 RCW, Title 24 RCW, or any other statute
4 now or hereafter adopted which gives corporate or business licensing
5 responsibilities to the secretary of state if the person is required to
6 be so registered and the regulatory agency issuing or renewing the
7 license requires, as a condition of approving the issuance or renewal
8 of the license, that the person be so registered or not delinquent in
9 fees or penalties owing to the secretary of state; or

10 (c) The person has not submitted the sum of all fees and deposits
11 required for the requested individual license endorsements, any
12 outstanding ((~~master~~)) business license delinquency fee, or other fees
13 and penalties to be collected through the system.

14 (2) Nothing in this section prevents registration by the state of
15 a business for taxation purposes, or an employer for the purpose of
16 paying an employee of that employer industrial insurance or
17 unemployment insurance benefits.

18 ((~~(3) The department must immediately suspend the license or~~
19 ~~certificate of a person who has been certified pursuant to RCW~~
20 ~~74.20A.320 by the department of social and health services as a person~~
21 ~~who is not in compliance with a support order. If the person has~~
22 ~~continued to meet all other requirements for reinstatement during the~~
23 ~~suspension, reissuance of the license or certificate is automatic upon~~
24 ~~the department's receipt of a release issued by the department of~~
25 ~~social and health services stating that the licensee is in compliance~~
26 ~~with the order.))~~

27 **Sec. 325.** RCW 19.02.110 and 2007 c 52 s 1 are each amended to read
28 as follows:

29 (1) In addition to the licenses processed under the ((~~master~~
30 ~~license~~)) business licensing system prior to April 1, 1982, on July 1,
31 1982, use of the ((~~master license~~)) business licensing system ((~~shall~~
32 ~~be~~)) is expanded as provided by this section.

33 (2) Applications for the following ((~~shall~~)) must be filed with the
34 business ((~~license center and shall~~)) licensing service and must be
35 processed, and renewals ((~~shall~~)) must be issued, under the ((~~master~~
36 ~~license~~)) business licensing system:

- 1 ~~((1))~~ (a) Nursery dealer's licenses required by chapter 15.13
2 RCW;
- 3 ~~((2))~~ (b) Seed dealer's licenses required by chapter 15.49 RCW;
- 4 ~~((3))~~ (c) Pesticide dealer's licenses required by chapter 15.58
5 RCW;
- 6 ~~((4))~~ (d) Shopkeeper's licenses required by chapter 18.64 RCW;
- 7 ~~((5))~~ (e) Egg dealer's licenses required by chapter 69.25 RCW.

8 **Sec. 326.** RCW 19.02.115 and 2011 c 298 s 12 are each amended to
9 read as follows:

10 (1) For purposes of this section:

11 (a) "Disclose" means to make known to any person in any manner
12 licensing information;

13 (b) "Licensing information" means any information created or
14 obtained by the department in the administration of this chapter and
15 chapters 19.80 and 59.30 RCW, which information relates to any person
16 who: (i) Has applied for or has been issued a license or trade name;
17 or (ii) has been issued an assessment or delinquency fee. Licensing
18 information includes ~~((master applications, renewal applications, and
19 master))~~ initial and renewal business license applications, and
20 business licenses; and

21 (c) "State agency" means every Washington state office, department,
22 division, bureau, board, commission, or other state agency.

23 (2) Licensing information is confidential and privileged, and
24 except as authorized by this section, neither the department nor any
25 other person may disclose any licensing information. Nothing in this
26 chapter requires any person possessing licensing information made
27 confidential and privileged by this section to delete information from
28 such information so as to permit its disclosure.

29 (3) This section does not prohibit the department of revenue from:

30 (a) Disclosing licensing information in a civil or criminal
31 judicial proceeding or an administrative proceeding:

32 (i) In which the person about whom such licensing information is
33 sought and the department, another state agency, or a local government
34 are adverse parties in the proceeding; or

35 (ii) Involving a dispute arising out of the department's
36 administration of chapter ~~((19.027))~~ 19.80~~((7))~~ or 59.30 RCW, or this

1 chapter if the licensing information relates to a party in the
2 proceeding;

3 (b) Disclosing, subject to such requirements and conditions as the
4 director prescribes by rules adopted pursuant to chapter 34.05 RCW,
5 such licensing information regarding a license applicant or license
6 holder to such license applicant or license holder or to such person or
7 persons as that license applicant or license holder may designate in a
8 request for, or consent to, such disclosure, or to any other person, at
9 the license applicant's or license holder's request, to the extent
10 necessary to comply with a request for information or assistance made
11 by the license applicant or license holder to such other person.
12 However, licensing information not received from the license applicant
13 or holder must not be so disclosed if the director determines that such
14 disclosure would compromise any investigation or litigation by any
15 federal, state, or local government agency in connection with the civil
16 or criminal liability of the license applicant, license holder, or
17 another person, or that such disclosure would identify a confidential
18 informant, or that such disclosure is contrary to any agreement entered
19 into by the department that provides for the reciprocal exchange of
20 information with other government agencies, which agreement requires
21 confidentiality with respect to such information unless such
22 information is required to be disclosed to the license applicant or
23 license holder by the order of any court;

24 (c) Publishing statistics so classified as to prevent the
25 identification of particular licensing information;

26 (d) Disclosing licensing information for official purposes only, to
27 the governor or attorney general, or to any state agency, or to any
28 committee or subcommittee of the legislature dealing with matters of
29 taxation, revenue, trade, commerce, the control of industry or the
30 professions, or licensing;

31 (e) Permitting the department's records to be audited and examined
32 by the proper state officer, his or her agents and employees;

33 (f) Disclosing any licensing information to a peace officer as
34 defined in RCW 9A.04.110 or county prosecuting attorney, for official
35 purposes. The disclosure may be made only in response to a search
36 warrant, subpoena, or other court order, unless the disclosure is for
37 the purpose of criminal tax or license enforcement. A peace officer or
38 county prosecuting attorney who receives the licensing information may

1 disclose that licensing information only for use in the investigation
2 and a related court proceeding, or in the court proceeding for which
3 the licensing information originally was sought;

4 (g) Disclosing, in a manner that is not associated with other
5 licensing information, the name of a license applicant or license
6 holder, entity type, registered trade name, business address, mailing
7 address, unified business identifier number, list of licenses issued to
8 a person through the (~~master license~~) business licensing system
9 established in this chapter (~~19.02 RCW~~) and their issuance and
10 expiration dates, and the dates of opening of a business(~~(. The~~
11 ~~department is authorized to give, sell, or provide access to lists of~~
12 ~~licensing information under this subsection (3)(g) that will be used~~
13 ~~for commercial purposes))~~);

14 (h) Disclosing licensing information that is also maintained by
15 another Washington state or local governmental agency as a public
16 record available for inspection and copying under the provisions of
17 chapter 42.56 RCW or is a document maintained by a court of record and
18 is not otherwise prohibited from disclosure;

19 (i) Disclosing any licensing information when the disclosure is
20 specifically authorized under any other section of the Revised Code of
21 Washington;

22 (j) Disclosing licensing information to the proper officer of the
23 licensing or tax department of any city, town, or county of this state,
24 for official purposes. If the licensing information does not relate to
25 a license issued by the city, town, or county requesting the licensing
26 information, disclosure may be made only if the laws of the requesting
27 city, town, or county grants substantially similar privileges to the
28 proper officers of this state; or

29 (k) Disclosing licensing information to the federal government for
30 official purposes.

31 (4) The department may refuse to disclose licensing information
32 that is otherwise disclosable under subsection (3) of this section if
33 such disclosure would violate federal law or any information sharing
34 agreement between the state and federal government.

35 (5) Any person acquiring knowledge of any licensing information in
36 the course of his or her employment with the department and any person
37 acquiring knowledge of any licensing information as provided under
38 subsection (3)(d), (e), (f), (j), or (k) of this section, who discloses

1 any such licensing information to another person not entitled to
2 knowledge of such licensing information under the provisions of this
3 section, is guilty of a misdemeanor. If the person guilty of such
4 violation is an officer or employee of the state, such person must
5 forfeit such office or employment and is incapable of holding any
6 public office or employment (~~((in this state))~~) with the state or any
7 local governmental entity in this state for a period of two years
8 thereafter.

9 **Sec. 327.** RCW 19.02.210 and 1992 c 107 s 4 are each amended to
10 read as follows:

11 The (~~((master license fund))~~) business license account is created in
12 the state treasury. Unless otherwise indicated in RCW 19.02.075, all
13 receipts from handling and (~~((master))~~) business license delinquency fees
14 (~~((shall))~~) must be deposited into the (~~((fund))~~) account. Moneys in the
15 (~~((fund))~~) account may be spent only after appropriation beginning in
16 fiscal year 1993. Expenditures from the (~~((fund))~~) account may be used
17 only to administer the (~~((master license services))~~) business licensing
18 service program.

19 **Sec. 328.** RCW 19.02.310 and 2005 c 201 s 1 are each amended to
20 read as follows:

21 (1) Subject to the availability of amounts appropriated for this
22 specific purpose, the department (~~((shall))~~) may administer a
23 performance-based grant program that provides funding assistance to
24 public agencies that issue business licenses and that wish to join with
25 the department's (~~((master))~~) business licensing service.

26 (2) The department may determine among interested grant applicants
27 the order and the amount of the grant. In making grant determinations,
28 consideration must be given, but not limited to, the following
29 criteria: Readiness of the public agency to participate; the number of
30 renewable licenses; and the reduced regulatory impact to businesses
31 subject to licensure relative to the overall investment required by the
32 department.

33 (3) The department (~~((shall))~~) must invite and encourage
34 participation by all Washington city and county governments having
35 interests or responsibilities relating to business licensing.

1 (4) The total amount of grants provided under this section may not
2 exceed seven hundred fifty thousand dollars in any one fiscal year.

3 (5) The source of funds for this grant program is the (~~master~~)
4 business license account.

5 **Sec. 329.** RCW 19.02.800 and 2011 c 298 s 10 are each amended to
6 read as follows:

7 Except as provided in RCW 43.07.200, the provisions of this chapter
8 regarding the processing of license applications and renewals under (~~a~~
9 ~~master license~~) the business licensing system do not apply to those
10 business or professional activities that are licensed or regulated
11 under chapter 31.04, 31.12, or 31.13 RCW or under Title 30, 32, 33, or
12 48 RCW.

13 **Sec. 330.** RCW 19.02.890 and 1982 c 182 s 18 are each amended to
14 read as follows:

15 This chapter may be known and cited as the business (~~license~~
16 ~~center~~) licensing service act.

17 NEW SECTION. **Sec. 331.** A new section is added to chapter 19.80
18 RCW to read as follows:

19 (1) The department may cancel a trade name when it has revoked a
20 business's certificate of registration as provided in RCW 82.32.215,
21 when the department has closed a business's tax reporting account, or
22 when the business's business license, as defined in RCW 19.02.020, is
23 inactive.

24 (2) The department may also provide for the cancellation of trade
25 names under circumstances as defined by the department by rule.

26 (3) The department must notify a person in writing at the person's
27 last known address on record with the department that the person's
28 trade name has been canceled. Except as otherwise provided in this
29 subsection, the department must reinstate a canceled trade name if,
30 within sixty days of sending the notice required under this subsection,
31 the person requests that the trade name be reinstated and pays any
32 applicable renewal fees. The department may not reinstate a trade name
33 if the person's certificate of registration under RCW 82.32.030 is
34 revoked and has not been reinstated or the department is aware that the

1 person is otherwise not legally entitled to carry on, conduct, or
2 transact business in this state.

3 (4) A person whose trade name has been canceled by the department
4 may no longer use such trade name for any purpose.

5 (5) The department may remove any canceled trade names from its
6 database of trade names after the period for reinstatement provided in
7 subsection (3) of this section has expired.

8 **Sec. 332.** RCW 19.80.010 and 2011 c 298 s 14 are each amended to
9 read as follows:

10 Each person or persons who carries on, conducts, or transacts
11 business in this state under any trade name must register that trade
12 name with the department as provided in this section.

13 (1) Sole proprietorship or general partnership: The registration
14 must set forth the true and real name or names of each person
15 conducting the same, together with the post office address or addresses
16 of each such person and the name of the general partnership, if
17 applicable.

18 (2) Foreign or domestic limited partnership: The registration must
19 set forth the limited partnership name as filed with the office of the
20 secretary of state.

21 (3) Foreign or domestic limited liability company: The
22 registration must set forth the limited liability company name as filed
23 with the office of the secretary of state.

24 (4) Foreign or domestic corporation: The registration must set
25 forth the corporate name as filed with the office of the secretary of
26 state.

27 (5) Other business entities: The registration must set forth the
28 entity's name as required by the department.

29 **Sec. 333.** RCW 19.80.075 and 2011 c 298 s 17 are each amended to
30 read as follows:

31 All fees collected by the department under this chapter must be
32 deposited with the state treasurer and credited to the (~~master license~~
33 ~~fund~~) business license account.

34 **Sec. 334.** RCW 19.94.015 and 2011 c 298 s 19 and 2011 c 103 s 38
35 are each reenacted and amended to read as follows:

1 (1) Except as provided in subsection (4) of this section for the
2 initial registration of an instrument or device, no weighing or
3 measuring instrument or device may be used for commercial purposes in
4 the state unless its commercial use is registered annually. If its
5 commercial use is within a city that has a city sealer and a weights
6 and measures program as provided by RCW 19.94.280, the commercial use
7 of the instrument or device must be registered with the city if the
8 city has adopted fees pursuant to subsection (2) of this section. If
9 its commercial use is outside of such a city, the commercial use of the
10 instrument or device must be registered with the department.

11 (2) A city with such a sealer and program may establish an annual
12 fee for registering the commercial use of such a weighing or measuring
13 instrument or device with the city. The annual fee may not exceed the
14 fee established in RCW 19.94.175 for registering the use of a similar
15 instrument or device with the department. Fees upon weighing or
16 measuring instruments or devices within the jurisdiction of the city
17 that are collected under this subsection by city sealers must be
18 deposited into the general fund, or other account, of the city as
19 directed by the governing body of the city.

20 (3) Registrations with the department are accomplished as part of
21 the ((~~master license~~)) business licensing system under chapter 19.02
22 RCW. Payment of the registration fee for a weighing or measuring
23 instrument or device under the ((~~master license~~)) business licensing
24 system constitutes the registration required by this section.

25 (4) The fees established by or under RCW 19.94.175 for registering
26 a weighing or measuring instrument or device must be paid to the
27 department of revenue concurrently with an application for a ((~~master~~))
28 business license under chapter 19.02 RCW or with the annual renewal of
29 a ((~~master~~)) business license under chapter 19.02 RCW. A weighing or
30 measuring instrument or device must be initially registered with the
31 state at the time the owner applies for a ((~~master~~)) business license
32 for a new business or at the first renewal of the license that occurs
33 after the instrument or device is first placed into commercial use.
34 The department of revenue must remit to the department of agriculture
35 all fees collected under this provision less reasonable collection
36 expenses.

37 (5) Each city charging registration fees under this section must

1 notify the department of agriculture at the time such fees are adopted
2 and whenever changes in the fees are adopted.

3 **Sec. 335.** RCW 19.94.2582 and 2006 c 358 s 5 are each amended to
4 read as follows:

5 (1) Each request for an official registration certificate (~~shall~~)
6 must be in writing, under oath, and on a form prescribed by the
7 department and shall contain any relevant information as the director
8 may require, including but not limited to the following:

9 (a) The name and address of the person, corporation, partnership,
10 or sole proprietorship requesting registration;

11 (b) The names and addresses of all individuals requesting an
12 official registration certificate from the department; and

13 (c) The tax registration number as required under RCW 82.32.030 or
14 uniform business identifier provided on a (~~master~~) business license
15 issued under RCW 19.02.070.

16 (2) Each individual when submitting a request for an official
17 registration certificate or a renewal of such a certificate (~~shall~~)
18 must pay a fee to the department in the amount of one hundred sixty
19 dollars per individual.

20 (3) The department (~~shall~~) must issue a decision on a request for
21 an official registration certificate within twenty days of receipt of
22 the request. If an individual is denied their request for an official
23 registration certificate, the department must notify that individual in
24 writing stating the reasons for the denial and (~~shall~~) must refund
25 any payments made by that individual in connection with the request.

26 **Sec. 336.** RCW 35.21.392 and 2011 c 298 s 22 are each amended to
27 read as follows:

28 A city that issues a business license to a person required to be
29 registered under chapter 18.27 RCW may verify that the person is
30 registered under chapter 18.27 RCW and report violations to the
31 department of labor and industries. The department of revenue must
32 conduct the verification for cities that participate in the (~~master~~
33 license) business licensing system.

34 **Sec. 337.** RCW 35.21.392 and 2011 c 298 s 22 are each amended to
35 read as follows:

1 A city that issues a business license to a person required to be
2 registered under chapter 18.27 RCW may verify that the person is
3 registered under chapter 18.27 RCW and report violations to the
4 department of labor and industries. The department of revenue must
5 conduct the verification for cities that participate in the ((~~master~~
6 ~~license~~)) business licensing system.

7 **Sec. 338.** RCW 35A.21.340 and 2011 c 298 s 23 are each amended to
8 read as follows:

9 A city that issues a business license to a person required to be
10 registered under chapter 18.27 RCW may verify that the person is
11 registered under chapter 18.27 RCW and report violations to the
12 department of labor and industries. The department of revenue must
13 conduct the verification for cities that participate in the ((~~master~~
14 ~~license~~)) business licensing system.

15 **Sec. 339.** RCW 36.110.130 and 1995 c 154 s 3 are each amended to
16 read as follows:

17 In the event of a failure such as a bankruptcy or dissolution, of
18 a private sector business, industry, or nonprofit organization engaged
19 in a free venture industry agreement, responsibility for obligations
20 under Title 51 RCW ((~~shall~~)) must be borne by the city or county
21 responsible for establishment of the free venture industry agreement,
22 as if the city or county had been the employing agency. To ensure that
23 this obligation can be clearly identified and accomplished, and to
24 provide accountability for purposes of the department of labor and
25 industries, a free venture industry agreement entered into by a
26 city or county and private sector business, industry, or nonprofit
27 organization should be filed under a separate ((~~master~~)) business
28 license application in accordance with chapter 19.02 RCW, establishing
29 a new and separate account with the department of labor and industries,
30 and not be reported under an existing account for parties to the
31 agreement.

32 **Sec. 340.** RCW 43.22.035 and 2007 c 287 s 2 are each amended to
33 read as follows:

34 When an employer initially files a ((~~master~~)) business license
35 application under chapter 19.02 RCW for the purpose, in whole or in

1 part, of registering to pay industrial insurance taxes, the department
2 (~~shall~~) must send to the employer any printed material the department
3 recommends or requires the employer to post. Any time the printed
4 material has substantive changes in the information, the department
5 (~~shall~~) must send a copy to each employer.

6 **Sec. 341.** RCW 46.72A.020 and 2011 c 374 s 2 are each amended to
7 read as follows:

8 (1) Contact by a customer or customer's agent to engage the
9 services of a carrier's limousine must be initiated by a customer or
10 customer's agent at a time and place different from the customer's time
11 and place of departure. The fare for service must be agreed upon prior
12 to departure. Under no circumstances may customers or customers'
13 agents make arrangements to immediately engage the services of a
14 carrier's limousine with the chauffeur, even if the chauffeur is an
15 owner or officer of the company, with the single exception of stand-
16 hail limousines only at a facility owned and operated by a port
17 district in a county with a population of one million or more that are
18 licensed and restricted by the rules and policies set forth by the port
19 district.

20 (2) At the time of the conduct of the commercial limousine
21 business, the chauffeur of a limousine and the limousine carrier
22 business must possess written or electronic records substantiating the
23 prearrangement of the carrier's services for any customer carried for
24 compensation, except for vehicles meeting the requirements of the
25 exception for stand-hail limousines described in subsection (1) of this
26 section. Limousine carriers and limousine chauffeurs operating as an
27 independent business must list a physical address on their (~~master~~)
28 business license issued under chapter 19.02 RCW where records
29 substantiating the prearrangement of the carrier's services may be
30 reviewed by an enforcement officer. A limousine carrier must retain
31 these records for a minimum of one calendar year, and failure to do so
32 is a class 3 civil infraction against the carrier for each record that
33 is missing or fails to include all of the information described in
34 rules adopted under subsection (4) of this section.

35 (3) Limousine carriers and limousine chauffeurs operating as an
36 independent business must list a telephone or pager number that is used

1 to prearrange the carrier's services for any customer carried for
2 compensation.

3 (4) The department (~~shall~~) must adopt rules specifying the
4 content and retention schedule of the records required for compliance
5 with subsection (2) of this section.

6 (5) The failure of a chauffeur who is operating a limousine to
7 immediately provide, on demand by an enforcement officer, written or
8 electronic records required by the department substantiating the
9 prearrangement of the carrier's services for any customer carried for
10 compensation, except for limousines meeting the requirements of the
11 exception for stand-hail limousines described in subsection (1) of this
12 section, is a class 2 civil infraction and is subject to monetary
13 penalties under RCW 7.80.120. It is a class 1 civil infraction for a
14 repeat offense under this subsection during the same calendar year.

15 (6) The department (~~shall~~) must define by rule conditions under
16 which a chauffeur is considered to be operating a limousine, including
17 when the limousine is parked in a designated passenger load zone.

18 **Sec. 342.** RCW 50.12.290 and 2007 c 287 s 1 are each amended to
19 read as follows:

20 When an employer initially files a (~~master~~) business license
21 application under chapter 19.02 RCW for the purpose, in whole or in
22 part, of registering to pay unemployment insurance taxes, the
23 employment security department (~~shall~~) must send to the employer any
24 printed material the department recommends or requires the employer to
25 post. Any time the printed material has substantive changes in the
26 information, the department (~~shall~~) must send a copy to each
27 employer.

28 **Sec. 343.** RCW 59.30.050 and 2011 c 298 s 31 are each amended to
29 read as follows:

30 (1) The department must annually register all manufactured/mobile
31 home communities. Each community must be registered separately. The
32 department must deliver by certified mail registration notifications to
33 all known manufactured/mobile home community landlords. Registration
34 information packets must include:

35 (a) Registration forms; and

1 (b) Registration assessment information, including registration due
2 dates and late fees, and the collections procedures, liens, and
3 charging costs to tenants.

4 (2) To apply for registration, the landlord of a
5 manufactured/mobile home community must file with the department an
6 application for registration on a form provided by the department and
7 must pay a registration fee as described in subsection (3) of this
8 section. The department may require the submission of information
9 necessary to assist in identifying and locating a manufactured/mobile
10 home community and other information that may be useful to the state,
11 which must include, at a minimum:

12 (a) The names and addresses of the owners of the
13 manufactured/mobile home community;

14 (b) The name and address of the manufactured/mobile home community;

15 (c) The name and address of the landlord and manager of the
16 manufactured/mobile home community;

17 (d) The number of lots within the manufactured/mobile home
18 community that are subject to chapter 59.20 RCW; and

19 (e) The addresses of each manufactured/mobile home lot within the
20 manufactured/mobile home community that is subject to chapter 59.20
21 RCW.

22 (3) Each manufactured/mobile home community landlord must pay to
23 the department:

24 (a) A one-time (~~master~~) business license application fee for the
25 first year of registration and, in subsequent years, an annual
26 (~~master~~) renewal application fee, as provided in RCW 19.02.075; and

27 (b) An annual registration assessment of ten dollars for each
28 manufactured/mobile home that is subject to chapter 59.20 RCW within a
29 manufactured/mobile home community. Manufactured/mobile home community
30 landlords may charge a maximum of five dollars of this assessment to
31 tenants. Nine dollars of the registration assessment for each
32 manufactured/mobile home must be deposited into the manufactured/mobile
33 home dispute resolution program account created in RCW 59.30.070 to
34 fund the costs associated with the manufactured/mobile home dispute
35 resolution program. The remaining one dollar must be deposited into
36 the (~~master license fund~~) business license account created in RCW
37 19.02.210. The annual registration assessment must be reviewed once
38 each biennium by the department and the attorney general and may be

1 adjusted to reasonably relate to the cost of administering this
2 chapter. The registration assessment may not exceed ten dollars, but
3 if the assessment is reduced, the portion allocated to the
4 manufactured/mobile home dispute resolution program account and the
5 ((~~master license fund~~)) business license account must be adjusted
6 proportionately.

7 (4) Initial registrations of manufactured/mobile home communities
8 must be filed before November 1, 2007, or within three months of the
9 availability of mobile home lots for rent within the community. The
10 manufactured/mobile home community is subject to a delinquency fee of
11 two hundred fifty dollars for late initial registrations. The
12 delinquency fee must be deposited in the ((~~master license fund~~))
13 business license account. Renewal registrations that are not renewed
14 by the expiration date as assigned by the department are subject to
15 delinquency fees under RCW 19.02.085.

16 (5) Thirty days after sending late fee notices to a noncomplying
17 landlord, the department may issue a warrant under RCW 59.30.090 for
18 the unpaid registration assessment and delinquency fee. If a warrant
19 is issued by the department under RCW 59.30.090, the department must
20 add a penalty of ten percent of the amount of the unpaid registration
21 assessment and delinquency fee, but not less than ten dollars. The
22 warrant penalty must be deposited into the ((~~master license fund~~))
23 business license account created in RCW 19.02.210. Chapter 82.32 RCW
24 applies to the collection of warrants issued under RCW 59.30.090.

25 (6) Registration is effective on the date determined by the
26 department, and the department must issue a registration number to each
27 registered manufactured/mobile home community. The department must
28 provide an expiration date, assigned by the department, to each
29 manufactured/mobile home community who registers.

30 **Sec. 344.** RCW 59.30.090 and 2011 c 298 s 33 are each amended to
31 read as follows:

32 (1) If any registration assessment or delinquency fee is not paid
33 in full within thirty days after sending late fee notices to a
34 noncomplying landlord, the department may issue a warrant in the amount
35 of such unpaid sums, together with interest thereon from the date the
36 warrant is issued until the date of payment.

1 (2) Interest must be computed on a daily basis on the amount of
2 outstanding registration assessment and delinquency fee imposed under
3 RCW 59.30.050 at the rate as computed under RCW 82.32.050(2). The rate
4 so computed must be adjusted on the first day of January of each year
5 for use in computing interest for that calendar year. Interest must be
6 deposited in the ((~~master license fund~~)) business license account
7 created in RCW 19.02.210.

8 (3) The department may file a copy of the warrant with the clerk of
9 the superior court of any county of the state in which real or personal
10 property of the owner of the manufactured/mobile home community may be
11 found. The clerk is entitled to a filing fee under RCW 36.18.012(10).
12 Upon filing, the clerk must enter in the judgment docket the name of
13 the owner of the manufactured/mobile home community mentioned in the
14 warrant and the amount of the registration assessment and delinquency
15 fee, or portion thereof, and any increases and penalties for which the
16 warrant is issued, and the date when the copy is filed.

17 (4) The amount of the warrant so docketed becomes a lien upon the
18 title to, and interest in, all real and personal property of the owner
19 of the manufactured/mobile home community against whom the warrant is
20 issued the same as a judgment in a civil case duly docketed in the
21 office of the clerk. The warrant so docketed is sufficient to support
22 the issuance of writs of garnishment in favor of the state in the
23 manner provided by law in the case of judgments wholly or partially
24 unsatisfied.

25 (5) The lien is not superior to bona fide interests of third
26 persons that had vested prior to the filing of the warrant. The phrase
27 "bona fide interests of third persons" does not include any mortgage of
28 real or personal property or any other credit transaction that results
29 in the mortgagee or the holder of the security acting as trustee for
30 unsecured creditors of the owner of the manufactured/mobile home
31 community mentioned in the warrant who executed the chattel or real
32 property mortgage or the document evidencing the credit transaction.

33 **Sec. 345.** RCW 69.25.020 and 2011 c 306 s 1 are each reenacted and
34 amended to read as follows:

35 ((~~When used in this chapter the following terms shall have the~~
36 ~~indicated meanings,~~)) The definitions in this section apply throughout
37 this chapter unless the context otherwise requires:

1 (1) "Adulterated" applies to any egg or egg product under one or
2 more of the following circumstances:

3 (a) If it bears or contains any poisonous or deleterious substance
4 which may render it injurious to health; but in case the substance is
5 not an added substance, such article (~~(shall)~~) is not (~~(be)~~) considered
6 adulterated under this clause if the quantity of such substance in or
7 on such article does not ordinarily render it injurious to health;

8 (b) If it bears or contains any added poisonous or added
9 deleterious substance (other than one which is: (i) A pesticide
10 chemical in or on a raw agricultural commodity; (ii) a food additive;
11 or (iii) a color additive) which may, in the judgment of the director,
12 make such article unfit for human food;

13 (c) If it is, in whole or in part, a raw agricultural commodity and
14 such commodity bears or contains a pesticide chemical which is unsafe
15 within the meaning of RCW 69.04.392, as enacted or hereafter amended;

16 (d) If it bears or contains any food additive which is unsafe
17 within the meaning of RCW 69.04.394, as enacted or hereafter amended;

18 (e) If it bears or contains any color additive which is unsafe
19 within the meaning of RCW 69.04.396; however, an article which is not
20 otherwise deemed adulterated under (~~(subsection (1))~~)(c), (d), or (e)
21 of this (~~(section shall)~~) subsection are nevertheless (~~(be)~~) deemed
22 adulterated if use of the pesticide chemical, food additive, or color
23 additive, in or on such article, is prohibited by regulations of the
24 director in official plants;

25 (f) If it consists in whole or in part of any filthy, putrid, or
26 decomposed substance, or if it is otherwise unfit for human food;

27 (g) If it consists in whole or in part of any damaged egg or eggs
28 to the extent that the egg meat or white is leaking, or it has been
29 contacted by egg meat or white leaking from other eggs;

30 (h) If it has been prepared, packaged, or held under insanitary
31 conditions whereby it may have become contaminated with filth, or
32 whereby it may have been rendered injurious to health;

33 (i) If it is an egg which has been subjected to incubation or the
34 product of any egg which has been subjected to incubation;

35 (j) If its container is composed, in whole or in part, of any
36 poisonous or deleterious substance which may render the contents
37 injurious to health;

1 (k) If it has been intentionally subjected to radiation, unless the
2 use of the radiation was in conformity with a regulation or exemption
3 in effect pursuant to RCW 69.04.394; or

4 (l) If any valuable constituent has been in whole or in part
5 omitted or abstracted therefrom; or if any substance has been
6 substituted, wholly or in part therefor; or if damage or inferiority
7 has been concealed in any manner; or if any substance has been added
8 thereto or mixed or packed therewith so as to increase its bulk or
9 weight, or reduce its quality or strength, or make it appear better or
10 of greater value than it is.

11 (2) "Ambient temperature" means the atmospheric temperature
12 surrounding or encircling shell eggs.

13 (3) "At retail" means any transaction in intrastate commerce
14 between a retailer and a consumer.

15 (4) "Candling" means the examination of the interior of eggs by the
16 use of transmitted light used in a partially dark room or place.

17 (5) "Capable of use as human food" shall apply to any egg or egg
18 product unless it is denatured, or otherwise identified, as required by
19 regulations prescribed by the director, to deter its use as human food.

20 (6) "Check" means an egg that has a broken shell or crack in the
21 shell but has its shell membranes intact and contents not leaking.

22 (7) "Clean and sound shell egg" means any egg whose shell is free
23 of adhering dirt or foreign material and is not cracked or broken.

24 (8) "Consumer" means any person who purchases eggs for his or her
25 own family use or consumption; or any restaurant, hotel, boarding
26 house, bakery, or other institution or concern which purchases eggs for
27 serving to guests or patrons thereof, or for its own use in cooking or
28 baking.

29 (9) "Container" or "package" includes any box, can, tin, plastic,
30 or other receptacle, wrapper, or cover.

31 (10) "Department" means the department of agriculture of the state
32 of Washington.

33 (11) "Director" means the director of the department or his duly
34 authorized representative.

35 (12) "Dirty egg" means an egg that has a shell that is unbroken and
36 has adhering dirt or foreign material.

37 (13) "Egg" means the shell egg of the domesticated chicken, turkey,
38 duck, goose, or guinea, or any other specie of fowl.

1 (14) "Egg handler" or "dealer" means any person who produces,
2 contracts for or obtains possession or control of any eggs or egg
3 products for the purpose of sale to another dealer or retailer, or for
4 processing and sale to a dealer, retailer or consumer. For the purpose
5 of this chapter, "sell" or "sale" includes the following: Offer for
6 sale, expose for sale, have in possession for sale, exchange, barter,
7 trade, or as an inducement for the sale of another product.

8 (15)(a) "Egg product" means any dried, frozen, or liquid eggs, with
9 or without added ingredients, excepting products which contain eggs
10 only in a relatively small proportion, or historically have not been,
11 in the judgment of the director, considered by consumers as products of
12 the egg food industry, and which may be exempted by the director under
13 such conditions as the director may prescribe to assure that the egg
14 ingredients are not adulterated and are not represented as egg
15 products.

16 (b) The following products are not included in the definition of
17 "egg product" if they are prepared from eggs or egg products that have
18 been either inspected by the United States department of agriculture or
19 by the department under a cooperative agreement with the United States
20 department of agriculture: Freeze-dried products, imitation egg
21 products, egg substitutes, dietary foods, dried no-bake custard mixes,
22 eggnog mixes, acidic dressings, noodles, milk and egg dip, cake mixes,
23 French toast, balut and other similar ethnic delicacies, and sandwiches
24 containing eggs or egg products.

25 (16) "Immediate container" means any consumer package, or any other
26 container in which egg products, not consumer-packaged, are packed.

27 (17) "Incubator reject" means an egg that has been subjected to
28 incubation and has been removed from incubation during the hatching
29 operations as infertile or otherwise unhatchable.

30 (18) "Inedible" means eggs of the following descriptions: Black
31 rots, yellow rots, white rots, mixed rots (addled eggs), sour eggs,
32 eggs with green whites, eggs with stuck yolks, moldy eggs, musty eggs,
33 eggs showing blood rings, and eggs containing embryo chicks (at or
34 beyond the blood ring stage).

35 (19) "Inspection" means the application of such inspection methods
36 and techniques as are deemed necessary by the director to carry out the
37 provisions of this chapter.

1 (20) "Inspector" means any employee or official of the department
2 authorized to inspect eggs or egg products under the authority of this
3 chapter.

4 (21) "Intrastate commerce" means any eggs or egg products in
5 intrastate commerce, whether such eggs or egg products are intended for
6 sale, held for sale, offered for sale, sold, stored, transported, or
7 handled in this state in any manner and prepared for eventual
8 distribution in this state, whether at wholesale or retail.

9 (22) "Leaker" means an egg that has a crack or break in the shell
10 and shell membranes to the extent that the egg contents are exposed or
11 are exuding or free to exude through the shell.

12 (23) "Loss" means an egg that is unfit for human food because it is
13 smashed or broken so that its contents are leaking; or overheated,
14 frozen, or contaminated; or an incubator reject; or because it contains
15 a bloody white, large meat spots, a large quantity of blood, or other
16 foreign material.

17 (24) "~~((Master license))~~ Business licensing system" means the
18 mechanism established by chapter 19.02 RCW by which ~~((master))~~ business
19 licenses, endorsed for individual state-issued licenses, are issued and
20 renewed utilizing a ~~((master))~~ business license application and a
21 ~~((master))~~ business license expiration date common to each renewable
22 license endorsement.

23 (25) "Misbranded" ~~((shall apply))~~ applies to egg products ~~((which))~~
24 that are not labeled and packaged in accordance with the requirements
25 prescribed by regulations of the director under RCW 69.25.100.

26 (26) "Official certificate" means any certificate prescribed by
27 regulations of the director for issuance by an inspector or other
28 person performing official functions under this chapter.

29 (27) "Official device" means any device prescribed or authorized by
30 the director for use in applying any official mark.

31 (28) "Official inspection legend" means any symbol prescribed by
32 regulations of the director showing that egg products were inspected in
33 accordance with this chapter.

34 (29) "Official mark" means the official inspection legend or any
35 other symbol prescribed by regulations of the director to identify the
36 status of any article under this chapter.

37 (30) "Official plant" means any plant which is licensed under the
38 provisions of this chapter, at which inspection of the processing of

1 egg products is maintained by the United States department of
2 agriculture or by the state under cooperative agreements with the
3 United States department of agriculture or by the state.

4 (31) "Official standards" means the standards of quality, grades,
5 and weight classes for eggs, adopted under the provisions of this
6 chapter.

7 (32) "Pasteurize" means the subjecting of each particle of egg
8 products to heat or other treatments to destroy harmful, viable micro-
9 organisms by such processes as may be prescribed by regulations of the
10 director.

11 (33) "Person" means any natural person, firm, partnership,
12 exchange, association, trustee, receiver, corporation, and any member,
13 officer, or employee thereof, or assignee for the benefit of creditors.

14 (34) "Pesticide chemical," "food additive," "color additive," and
15 "raw agricultural commodity" (~~shall~~) have the same meaning for
16 purposes of this chapter as prescribed in chapter 69.04 RCW.

17 (35) "Plant" means any place of business where egg products are
18 processed.

19 (36) "Processing" means manufacturing egg products, including
20 breaking eggs or filtering, mixing, blending, pasteurizing,
21 stabilizing, cooling, freezing, drying, or packaging egg products.

22 (37) "Restricted egg" means any check, dirty egg, incubator reject,
23 inedible, leaker, or loss.

24 (38) "Retailer" means any person in intrastate commerce who sells
25 eggs to a consumer.

26 (39) "Shipping container" means any container used in packaging a
27 product packed in an immediate container.

28 **Sec. 346.** RCW 69.25.050 and 2011 c 306 s 2 are each amended to
29 read as follows:

30 (1)(a) No person (~~shall~~) may act as an egg handler or dealer
31 without first obtaining an annual license and permanent dealer's number
32 from the department.

33 (b) Application for an egg dealer license and renewal or egg dealer
34 branch license must be made through the (~~master license~~) business
35 licensing system as provided under chapter 19.02 RCW and expires on the
36 (~~master~~) business license expiration date. The annual egg dealer
37 license fee is thirty dollars and the annual egg dealer branch license

1 fee is fifteen dollars. A copy of the ((~~master~~)) business license
2 issued under chapter 19.02 RCW must be posted at each location where
3 the licensee operates. The application must include the full name of
4 the applicant for the license, the location of each facility the
5 applicant intends to operate, and, if applicable, documentation of
6 compliance with RCW 69.25.065 or 69.25.103.

7 (2) If an applicant is an individual, receiver, trustee, firm,
8 partnership, association or corporation, the full name of each member
9 of the firm or partnership or the names of the officers of the
10 association or corporation ((~~shall~~)) must be given on the application.
11 The application must further state the principal business address of
12 the applicant in the state and elsewhere and the name of a person
13 domiciled in this state authorized to receive and accept service of
14 summons of legal notices of all kinds for the applicant and any other
15 necessary information prescribed by the director.

16 (3) The applicant must be issued a license or renewal under this
17 section upon the approval of the application and compliance with the
18 provisions of this chapter, including the applicable rules adopted by
19 the department.

20 (4) The license and permanent egg handler or dealer's number is
21 nontransferable.

22 **Sec. 347.** RCW 69.25.060 and 1982 c 182 s 44 are each amended to
23 read as follows:

24 If the application for the renewal of an egg handler's or dealer's
25 license is not filed before the ((~~master~~)) business license expiration
26 date, the ((~~master~~)) business license delinquency fee ((~~shall be~~)) is
27 assessed under chapter 19.02 RCW and ((~~shall~~)) must be paid by the
28 applicant before the renewal license ((~~shall be~~)) is issued.

29 NEW SECTION. **Sec. 348.** A new section is added to chapter 70.290
30 RCW to read as follows:

31 (1)(a) A third-party administrator must register with the
32 Washington vaccine association and renew its registration annually.
33 Registrants must report a change of legal name, business name, business
34 address, or business telephone number to the association within ten
35 days after the change.

1 (b) Any person or entity acting as or holding itself out as a
2 third-party administrator without being registered under this section
3 is subject to a civil penalty of not less than one thousand dollars nor
4 more than ten thousand dollars for each violation. The civil penalty
5 is in addition to any other penalties that may be imposed for
6 violations of other laws of this state. Penalties imposed under this
7 section must be deposited in the universal vaccine purchase account
8 created under RCW 43.70.720.

9 (2) The secretary may adopt rules under chapter 34.05 RCW as
10 necessary to implement this section. Any rules must be developed in
11 consultation with the association.

12 **Sec. 349.** RCW 70.290.030 and 2010 c 174 s 3 are each amended to
13 read as follows:

14 (1) The association is comprised of all health carriers issuing or
15 renewing health benefit plans in Washington state and all third-party
16 administrators conducting business on behalf of residents of Washington
17 state or Washington health care providers and facilities. Third-party
18 administrators are subject to registration under (~~RCW 43.24.160~~)
19 section 348 of this act.

20 (2) The association is a nonprofit corporation under chapter 24.03
21 RCW and has the powers granted under that chapter.

22 (3) The board of directors includes the following voting members:

23 (a) Four members, selected from health carriers or third-party
24 administrators, excluding health maintenance organizations, that have
25 the most fully insured and self-funded covered lives in Washington
26 state. The count of total covered lives includes enrollment in all
27 companies included in their holding company system. Each health
28 carrier or third-party administrator is entitled to no more than a
29 single position on the board to represent all entities under common
30 ownership or control.

31 (b) One member selected from the health maintenance organization
32 having the most fully insured and self-insured covered lives in
33 Washington state. The count of total lives includes enrollment in all
34 companies included in its holding company system. Each health
35 maintenance organization is entitled to no more than a single position
36 on the board to represent all entities under common ownership or
37 control.

1 (c) One member, representing health carriers not otherwise
2 represented on the board under (a) or (b) of this subsection, who is
3 elected from among the health carrier members not designated under (a)
4 or (b) of this subsection.

5 (d) One member, representing Taft Hartley plans, appointed by the
6 secretary from a list of nominees submitted by the Northwest
7 administrators association.

8 (e) One member representing Washington state employers offering
9 self-funded health coverage, appointed by the secretary from a list of
10 nominees submitted by the Puget Sound health alliance.

11 (f) Two physician members appointed by the secretary, including at
12 least one board certified pediatrician.

13 (g) The secretary, or a designee of the secretary with expertise in
14 childhood immunization purchasing and distribution.

15 (4) The directors' terms and appointments must be specified in the
16 plan of operation adopted by the association.

17 (5) The board of directors of the association (~~shall~~) must:

18 (a) Prepare and adopt articles of association and bylaws;

19 (b) Prepare and adopt a plan of operation. The plan of operation
20 (~~shall~~) must include a dispute mechanism through which a carrier or
21 third-party administrator can challenge an assessment determination by
22 the board under RCW 70.290.040. The board (~~shall~~) must include a
23 means to bring unresolved disputes to an impartial decision maker as a
24 component of the dispute mechanism;

25 (c) Submit the plan of operation to the secretary for approval;

26 (d) Conduct all activities in accordance with the approved plan of
27 operation;

28 (e) Enter into contracts as necessary or proper to collect and
29 disburse the assessment;

30 (f) Enter into contracts as necessary or proper to administer the
31 plan of operation;

32 (g) Sue or be sued, including taking any legal action necessary or
33 proper for the recovery of any assessment for, on behalf of, or against
34 members of the association or other participating person;

35 (h) Appoint, from among its directors, committees as necessary to
36 provide technical assistance in the operation of the association,
37 including the hiring of independent consultants as necessary;

1 (i) Obtain such liability and other insurance coverage for the
2 benefit of the association, its directors, officers, employees, and
3 agents as may in the judgment of the board of directors be helpful or
4 necessary for the operation of the association;

5 ~~(j) ((By May 1, 2010, establish the estimated amount of the
6 assessment needed for the period of May 1, 2010, through December 31,
7 2010, based upon the estimate provided to the association under RCW
8 70.290.040(1); and notify, in writing, each health carrier and
9 third party administrator of the health carrier's or third party
10 administrator's total assessment for this period by May 15, 2010;~~

11 ~~(k) On an annual basis, beginning no later than November 1, 2010,
12 and)) Annually, by November 1st of each year thereafter, establish the
13 estimated amount of the assessment;~~

14 ~~((+l))~~ (k) Notify, in writing, each health carrier and third-party
15 administrator of the health carrier's or third-party administrator's
16 estimated total assessment by November 15th of each year;

17 ~~((+m))~~ (l) Submit a periodic report to the secretary listing those
18 health carriers or third-party administrators that failed to remit
19 their assessments and audit health carrier and third-party
20 administrator books and records for accuracy of assessment payment
21 submission;

22 ~~((+n))~~ (m) Allow each health carrier or third-party administrator
23 no more than ninety days after the notification required by ~~((+l))~~ (k)
24 of this subsection to remit any amounts in arrears or submit a payment
25 plan, subject to approval by the association and initial payment under
26 an approved payment plan;

27 ~~((+o))~~ (n) Deposit annual assessments collected by the
28 association, less the association's administrative costs, with the
29 state treasurer to the credit of the universal vaccine purchase account
30 established in RCW 43.70.720;

31 ~~((+p))~~ (o) Borrow and repay such working capital, reserve, or
32 other funds as, in the judgment of the board of directors, may be
33 helpful or necessary for the operation of the association; and

34 ~~((+q))~~ (p) Perform any other functions as may be necessary or
35 proper to carry out the plan of operation and to affect any or all of
36 the purposes for which the association is organized.

37 (6) The secretary ~~((shall))~~ must convene the initial meeting of the
38 association board of directors.

1 **Sec. 350.** RCW 76.48.121 and 2011 c 298 s 34 are each amended to
2 read as follows:

3 Every first or secondary specialized forest products buyer
4 purchasing specialty wood and every specialty wood processor must
5 prominently display the ((~~master~~)) business license issued under RCW
6 19.02.070 and endorsed with the respective licenses or registrations or
7 a copy of the ((~~master~~)) business license at each location where the
8 buyer or processor receives specialty wood if the first or secondary
9 specialized forest products buyer or specialty wood processor is
10 required to possess a license incorporated into the ((~~master license~~))
11 business licensing system created in chapter 19.02 RCW.

12 **Sec. 351.** RCW 82.24.510 and 2009 c 154 s 1 are each amended to
13 read as follows:

14 (1) The licenses issuable under this chapter are as follows:

15 (a) A wholesaler's license.

16 (b) A retailer's license.

17 (2) Application for the licenses ((~~shall~~)) must be made through the
18 ((~~master license~~)) business licensing system under chapter 19.02 RCW.
19 The board ((~~shall~~)) must adopt rules regarding the regulation of the
20 licenses. The board may refrain from the issuance of any license under
21 this chapter if the board has reasonable cause to believe that the
22 applicant has ((~~wilfully~~)) willfully withheld information requested for
23 the purpose of determining the eligibility of the applicant to receive
24 a license, or if the board has reasonable cause to believe that
25 information submitted in the application is false or misleading or is
26 not made in good faith. In addition, for the purpose of reviewing an
27 application for a wholesaler's license or retailer's license and for
28 considering the denial, suspension, or revocation of any such license,
29 the board may consider any prior criminal conduct of the applicant,
30 including an administrative violation history record with the board and
31 a criminal history record information check within the previous five
32 years, in any state, tribal, or federal jurisdiction in the United
33 States, its territories, or possessions, and the provisions of RCW
34 9.95.240 and chapter 9.96A RCW ((~~shall~~)) do not apply to such cases.
35 The board may, in its discretion, grant or refuse the wholesaler's
36 license or retailer's license, subject to the provisions of RCW
37 82.24.550.

1 (3) No person may qualify for a wholesaler's license or a
2 retailer's license under this section without first undergoing a
3 criminal background check. The background check (~~shall~~) must be
4 performed by the board and must disclose any criminal conduct within
5 the previous five years in any state, tribal, or federal jurisdiction
6 in the United States, its territories, or possessions. A person who
7 possesses a valid license on July 22, 2001, is subject to this
8 subsection and subsection (2) of this section beginning on the date of
9 the person's (~~master~~) business license expiration under chapter 19.02
10 RCW, and thereafter. If the applicant or licensee also has a license
11 issued under chapter 66.24 or 82.26 RCW, the background check done
12 under the authority of chapter 66.24 or 82.26 RCW satisfies the
13 requirements of this section.

14 (4) Each such license (~~shall~~) expires on the (~~master~~) business
15 license expiration date, and each such license (~~shall~~) must be
16 continued annually if the licensee has paid the required fee and
17 complied with all the provisions of this chapter and the rules of the
18 board made pursuant thereto.

19 (5) Each license and any other evidence of the license that the
20 board requires must be exhibited in each place of business for which it
21 is issued and in the manner required for the display of a (~~master~~)
22 business license.

23 **Sec. 352.** RCW 82.24.520 and 1986 c 321 s 6 are each amended to
24 read as follows:

25 A fee of six hundred fifty dollars (~~shall~~) must accompany each
26 wholesaler's license application or license renewal application. If a
27 wholesaler sells or intends to sell cigarettes at two or more places of
28 business, whether established or temporary, a separate license with a
29 license fee of one hundred fifteen dollars (~~shall be~~) is required for
30 each additional place of business. Each license, or certificate
31 thereof, and such other evidence of license as the department of
32 revenue requires, (~~shall~~) must be exhibited in the place of business
33 for which it is issued and in such manner as is prescribed for the
34 display of a (~~master~~) business license issued under chapter 19.02
35 RCW. The (~~department of revenue shall~~) board must require each
36 licensed wholesaler to file with the department of revenue a bond in an
37 amount not less than one thousand dollars to guarantee the proper

1 performance of the duties and the discharge of the liabilities under
2 this chapter. The bond (~~shall~~) must be executed by such licensed
3 wholesaler as principal, and by a corporation approved by the
4 department of revenue and authorized to engage in business as a surety
5 company in this state, as surety. The bond (~~shall~~) must run
6 concurrently with the wholesaler's license.

7 **Sec. 353.** RCW 82.26.150 and 2009 c 154 s 4 are each amended to
8 read as follows:

9 (1) The licenses issuable by the board under this chapter are as
10 follows:

11 (a) A distributor's license; and

12 (b) A retailer's license.

13 (2) Application for the licenses (~~shall~~) must be made through the
14 (~~master license~~) business licensing system under chapter 19.02 RCW.
15 The board may adopt rules regarding the regulation of the licenses.
16 The board may refuse to issue any license under this chapter if the
17 board has reasonable cause to believe that the applicant has willfully
18 withheld information requested for the purpose of determining the
19 eligibility of the applicant to receive a license, or if the board has
20 reasonable cause to believe that information submitted in the
21 application is false or misleading or is not made in good faith. In
22 addition, for the purpose of reviewing an application for a
23 distributor's license or retailer's license and for considering the
24 denial, suspension, or revocation of any such license, the board may
25 consider criminal conduct of the applicant, including an administrative
26 violation history record with the board and a criminal history record
27 information check within the previous five years, in any state, tribal,
28 or federal jurisdiction in the United States, its territories, or
29 possessions, and the provisions of RCW 9.95.240 and chapter 9.96A RCW
30 (~~shall~~) do not apply to such cases. The board may, in its
31 discretion, issue or refuse to issue the distributor's license or
32 retailer's license, subject to the provisions of RCW 82.26.220.

33 (3) No person may qualify for a distributor's license or a
34 retailer's license under this section without first undergoing a
35 criminal background check. The background check (~~shall~~) must be
36 performed by the board and must disclose any criminal conduct within
37 the previous five years in any state, tribal, or federal jurisdiction

1 in the United States, its territories, or possessions. If the
2 applicant or licensee also has a license issued under chapter 66.24 or
3 82.24 RCW, the background check done under the authority of chapter
4 66.24 or 82.24 RCW satisfies the requirements of this section.

5 (4) Each license issued under this chapter (~~shall~~) expires on the
6 (~~master~~) business license expiration date. The license (~~shall~~)
7 must be continued annually if the licensee has paid the required fee
8 and complied with all the provisions of this chapter and the rules of
9 the board adopted pursuant to this chapter.

10 (5) Each license and any other evidence of the license required
11 under this chapter must be exhibited in each place of business for
12 which it is issued and in the manner required for the display of a
13 (~~master~~) business license.

14 **Sec. 354.** RCW 90.76.010 and 2011 c 298 s 39 are each amended to
15 read as follows:

16 (1) The definitions in this section apply throughout this chapter
17 unless the context clearly requires otherwise.

18 (a) "Department" means the department of ecology.

19 (b) "Director" means the director of the department.

20 (c) "Facility compliance tag" means a marker, constructed of metal,
21 plastic, or other durable material, that clearly identifies all
22 qualifying underground storage tanks on the particular site for which
23 it is issued.

24 (d) "Federal act" means the federal resource conservation and
25 recovery act, as amended (42 U.S.C. Sec. 6901, et seq.).

26 (e) "Federal regulations" means the underground storage tanks
27 regulations (40 C.F.R. Secs. 280 and 281) adopted by the United States
28 environmental protection agency under the federal act.

29 (f) "License" means the (~~master~~) business license underground
30 storage tank endorsement issued by the department of revenue.

31 (g) "Underground storage tank compliance act of 2005" means Title
32 XV and subtitle B of P.L. 109-58 (42 U.S.C. Sec. 15801 et seq.) which
33 have amended the federal resource conservation and recovery act's
34 subtitle I.

35 (h) "Underground storage tank system" means an underground storage
36 tank, connected underground piping, underground ancillary equipment,
37 and containment system, if any.

1 (2) Except as provided in this section and any rules adopted by the
2 department under this chapter, the definitions contained in the federal
3 regulations apply to the terms in this chapter.

4 **Sec. 355.** RCW 90.76.020 and 2011 c 298 s 40 are each amended to
5 read as follows:

6 (1) The department must adopt rules establishing requirements for
7 all underground storage tanks that are regulated under the federal act,
8 taking into account the various classes or categories of tanks to be
9 regulated. The rules must be consistent with and no less stringent
10 than the federal regulations and the underground storage tank
11 compliance act of 2005 and consist of requirements for the following:

12 (a) New underground storage tank system design, construction,
13 installation, and notification;

14 (b) Upgrading existing underground storage tank systems;

15 (c) General operating requirements;

16 (d) Release detection;

17 (e) Release reporting;

18 (f) Out-of-service underground storage tank systems and closure;

19 (g) Financial responsibility for underground storage tanks
20 containing regulated substances; and

21 (h) Groundwater protection measures, including secondary
22 containment and monitoring for installation or replacement of all
23 underground storage tank systems or components, such as tanks and
24 piping, installed after July 1, 2007, and under dispenser spill
25 containment for installation or replacement of all dispenser systems
26 installed after July 1, 2007.

27 (2) The department must adopt rules:

28 (a) Establishing physical site criteria to be used in designating
29 local environmentally sensitive areas;

30 (b) Establishing procedures for local government application for
31 this designation; and

32 (c) Establishing procedures for local government adoption and
33 department approval of rules more stringent than the statewide
34 standards in these designated areas.

35 (3) The department must establish by rule an administrative and
36 enforcement program that is consistent with and no less stringent than
37 the program required under the federal regulations in the areas of:

- 1 (a) Compliance monitoring, including procedures for recordkeeping
2 and a program for systematic inspections;
3 (b) Enforcement;
4 (c) Public participation;
5 (d) Information sharing;
6 (e) Owner and operator training; and
7 (f) Delivery prohibition for underground storage tank systems or
8 facilities that are determined by the department to be ineligible to
9 receive regulated substances.

10 (4) The department must establish a program that provides for the
11 annual licensing of underground storage tanks. The license must take
12 the form of a tank endorsement on the facility's annual ((~~master~~))
13 business license issued by the department of revenue under chapter
14 19.02 RCW. A tank is not eligible for a license unless the owner or
15 operator can demonstrate compliance with the requirements of this
16 chapter and the annual tank fees have been remitted. The department
17 may revoke a tank license if a facility is not in compliance with this
18 chapter, or any rules adopted under this chapter. The ((~~master~~))
19 business license must be displayed by the tank owner or operator in a
20 location clearly identifiable.

21 (5)(a) The department must issue a one-time "facility compliance
22 tag" to underground storage tank facilities that have installed the
23 equipment required to meet corrosion protection, spill prevention,
24 overfill prevention, leak detection standards, have demonstrated
25 financial responsibility, and have paid annual tank fees. The facility
26 must continue to maintain compliance with corrosion protection, spill
27 prevention, overfill prevention, and leak detection standards,
28 financial responsibility, and have remitted annual tank fees to display
29 a facility compliance tag. The facility compliance tag must be
30 displayed on or near the fire emergency shutoff device, or in the
31 absence of such a device in close proximity to the fill pipes and
32 clearly identifiable to persons delivering regulated substance to
33 underground storage tanks.

34 (b) The department may revoke a facility compliance tag if a
35 facility is not in compliance with the requirements of this chapter, or
36 any rules adopted under this chapter.

37 (6) The department may place a red tag on a tank at a facility if
38 the department determines that the owner or operator is not in

1 compliance with this chapter or the rules adopted under this chapter
2 regarding the compliance requirements related to that tank. Removal of
3 a red tag without authorization from the department is a violation of
4 this chapter.

5 (7) The department may establish programs to certify persons who
6 install or decommission underground storage tank systems or conduct
7 inspections, testing, closure, cathodic protection, interior tank
8 lining, corrective action, site assessments, or other activities
9 required under this chapter. Certification programs must be designed
10 to ensure that each certification will be effective in all
11 jurisdictions of the state.

12 (8) When adopting rules under this chapter, the department must
13 consult with the state building code council to ensure coordination
14 with the building and fire codes adopted under chapter 19.27 RCW.

15 NEW SECTION. **Sec. 356.** The following acts or parts of acts are
16 each repealed:

17 (1) RCW 19.02.220 (Combined licensing project--Report--Evaluation)
18 and 1995 c 403 s 1006;

19 (2) RCW 19.02.810 (Master license system--Existing licenses or
20 permits registered under, when) and 1982 c 182 s 46;

21 (3) RCW 19.80.065 (RCW 42.56.070(9) inapplicable) and 2005 c 274 s
22 236, 2000 c 171 s 59, & 1984 c 130 s 8; and

23 (4) RCW 43.24.160 (Registration of third-party administrators--
24 Fee--Penalty--Rules) and 2010 c 174 s 9.

25 NEW SECTION. **Sec. 357.** The repeals in section 356 of this act do
26 not affect any existing right acquired or liability or obligation
27 incurred under the statutes repealed or under any rule or order adopted
28 under them nor does it affect any proceedings instituted under them.

29 **PART IV**
30 **REDUCING STATE B&O TAX CLASSIFICATIONS**

31 NEW SECTION. **Sec. 401.** (1) The legislature finds that there are
32 currently over fifty tax classifications for purposes of the state
33 business and occupation tax. Most of these tax classifications were
34 created to provide a reduced tax rate to certain business activities.

1 (2) The legislature further finds that the considerable number of
2 state business and occupation tax classifications creates complexity
3 for taxpayers, increases opportunities for disputes between taxpayers
4 and the department of revenue, and is a major barrier to achieving
5 significant uniformity between state and local business and occupation
6 tax systems.

7 (3) Therefore, the legislature intends Part IV of this act to
8 significantly reduce state business and occupation tax classifications
9 by:

10 (a) Eliminating most classifications providing for a reduced tax
11 rate and replacing the reduced tax rate with a deduction to achieve the
12 same tax results for taxpayers;

13 (b) Taxing retail sales of interstate transportation equipment and
14 services under the general retailing classification, resulting in a tax
15 rate reduction from 0.484 percent to 0.471 percent;

16 (c) Taxing low-level waste disposal under the catch-all service and
17 other business activities classification, resulting in a tax rate
18 reduction from 3.3 percent to 1.8 percent through June 30, 2013, and
19 1.5 percent beginning July 1, 2013;

20 (d) Consolidating the manufacturing and processing for hire
21 classifications;

22 (e) Consolidating the extracting and extracting for hire
23 classifications;

24 (f) Consolidating the public road construction and government
25 contracting classifications into the wholesaling classification; and

26 (g) Consolidating the public and nonprofit hospital and real estate
27 broker classifications into the catch-all service and other business
28 activities classification.

29 (4) Except for the tax rate reductions described in subsection
30 (3)(b) and (c) of this section, Part IV of this act is not intended to
31 materially affect the tax burden of any person. If any provision of
32 sections 402 through 462 of this act would, under a plain meaning
33 analysis, materially impact a person's tax liability except as
34 described in subsection (3)(b) or (c) of this section, the legislature
35 expresses its intent that such provision should be deemed a mistake and
36 interpreted to achieve a result that is consistent with the
37 legislature's intent as described in this section.

1 NEW SECTION. **Sec. 402.** A new section is added to chapter 82.04
2 RCW to read as follows:

3 For purposes of reporting the tax due under this chapter in a way
4 that provides taxpayers with more consistency between state and city-
5 imposed business and occupation taxes or for ease of administration for
6 the department or taxpayers, the department may classify business
7 activities other than as provided in RCW 82.04.230 through 82.04.298.
8 However, new classifications created under the authority of this
9 section do not affect the tax rates applicable to the activities that
10 come within the new classifications.

11 **Sec. 403.** RCW 82.04.060 and 2010 c 106 s 203 are each amended to
12 read as follows:

13 "Sale at wholesale" or "wholesale sale" means:

14 (1) Any sale, which is not a sale at retail, of:

15 (a) Tangible personal property;

16 (b) Services defined as a retail sale in RCW 82.04.050(2) (a) or
17 (g);

18 (c) Amusement or recreation services as defined in RCW
19 82.04.050(3)(a);

20 (d) Prewritten computer software;

21 (e) Services described in RCW 82.04.050(6)(b);

22 (f) Extended warranties as defined in RCW 82.04.050(7);

23 (g) Competitive telephone service, ancillary services, or
24 telecommunications service as those terms are defined in RCW 82.04.065;
25 or

26 (h) Digital goods, digital codes, or digital automated services;

27 (2) Any charge made for labor and services rendered for persons who
28 are not consumers, in respect to real or personal property, if such
29 charge is expressly defined as a retail sale by RCW 82.04.050 when
30 rendered to or for consumers. For the purposes of this subsection (2),
31 "real or personal property" does not include any natural products named
32 in RCW 82.04.100; (~~and~~)

33 (3) The sale of any service for resale, if the sale is excluded
34 from the definition of "sale at retail" and "retail sale" in RCW
35 82.04.050(14); and

36 (4) Any sale of or charge made for labor and services if the sale
37 or charge is excluded from the definition of retail sale in RCW

1 82.04.050 (10) or (12). Nothing in this subsection may be construed as
2 affecting the status of persons providing such services as consumers as
3 provided in RCW 82.04.190.

4 **Sec. 404.** RCW 82.04.230 and 2006 c 300 s 5 are each amended to
5 read as follows:

6 (1) Upon every person engaging within this state in business as an
7 extractor ~~or extractor for hire~~, except persons taxable as an extractor
8 ~~or extractor for hire~~ under any other provision in this chapter; as to
9 such persons the amount of the tax with respect to such business
10 ~~((shall be))~~ is, in the case of extractors, equal to the value of the
11 products, including by-products, extracted for sale or for commercial
12 or industrial use, and, in the case of extractors for hire, the gross
13 income of the business of extracting for hire, multiplied by the rate
14 of 0.484 percent.

15 (2) The measure of the tax on extractors is the value of the
16 products, including by-products, so extracted, regardless of the place
17 of sale or the fact that deliveries may be made to points outside the
18 state.

19 **Sec. 405.** RCW 82.04.240 and 2004 c 24 s 4 are each amended to read
20 as follows:

21 (1) Upon every person engaging within this state in business as a
22 manufacturer ~~or processor for hire~~, except persons taxable as
23 manufacturers ~~or processors for hire~~ under other provisions of this
24 chapter; as to such persons the amount of the tax with respect to such
25 business ~~((shall be))~~ is, in the case of manufacturers, equal to the
26 value of the products, including by-products, manufactured, and, in the
27 case of processors for hire, the gross income of the business of
28 processing for hire, multiplied by the rate of 0.484 percent.

29 (2) The measure of the tax on manufacturers is the value of the
30 products, including by-products, so manufactured regardless of the
31 place of sale or the fact that deliveries may be made to points outside
32 the state.

33 **Sec. 406.** RCW 82.04.250 and 2010 1st sp.s. c 23 s 509 are each
34 reenacted and amended to read as follows:

35 ~~((1))~~ Upon every person engaging within this state in the

1 business of making sales at retail, except persons taxable (~~as~~
2 ~~retailers~~) under other provisions of this chapter on the business of
3 making sales at retail, as to such persons, the amount of tax with
4 respect to such business is equal to the gross proceeds of sales of the
5 business, multiplied by the rate of 0.471 percent.

6 ~~((2) Upon every person engaging within this state in the business~~
7 ~~of making sales at retail that are exempt from the tax imposed under~~
8 ~~chapter 82.08 RCW by reason of RCW 82.08.0261, 82.08.0262, or~~
9 ~~82.08.0263, except persons taxable under RCW 82.04.260(10) or~~
10 ~~subsection (3) of this section, as to such persons, the amount of tax~~
11 ~~with respect to such business is equal to the gross proceeds of sales~~
12 ~~of the business, multiplied by the rate of 0.484 percent.~~

13 ~~(3) Until July 1, 2024, upon every person classified by the federal~~
14 ~~aviation administration as a federal aviation regulation part 145~~
15 ~~certificated repair station and that is engaging within this state in~~
16 ~~the business of making sales at retail that are exempt from the tax~~
17 ~~imposed under chapter 82.08 RCW by reason of RCW 82.08.0261,~~
18 ~~82.08.0262, or 82.08.0263, as to such persons, the amount of tax with~~
19 ~~respect to such business is equal to the gross proceeds of sales of the~~
20 ~~business, multiplied by the rate of .2904 percent.))~~

21 **Sec. 407.** RCW 82.04.255 and 2011 c 322 s 2 are each amended to
22 read as follows:

23 (1) ~~((Upon every person engaging within the state in))~~ The business
24 of providing real estate brokerage services~~((; as to such persons, the~~
25 ~~amount of the tax with respect to such business is equal to the gross~~
26 ~~income of the business, multiplied by the rate of 1.5 percent))~~ is
27 subject to tax under RCW 82.04.290.

28 (2) The measure of the tax on real estate commissions earned by the
29 real estate firm is the gross commission earned by the particular real
30 estate firm including that portion of the commission paid to brokers,
31 including designated and managing brokers, in the same firm on a
32 particular transaction. However, when a real estate commission on a
33 particular transaction is divided among real estate firms at the
34 closing of the transaction, including a firm located out of state, each
35 firm must pay the tax only upon its respective shares of said
36 commission. Moreover, when the real estate firm has paid the tax as
37 provided herein, brokers, including designated and managing brokers,

1 within the same real estate firm may not be required to pay a similar
2 tax upon the same transaction. If any firm located out of state
3 receives a share of commission on a particular transaction, that
4 company or broker must pay the tax based on the requirements of this
5 section and RCW 82.04.067.

6 (3) For the purposes of this section, "broker," "designated
7 broker," "managing broker," and "real estate firm" have the same
8 meaning as provided in RCW 18.85.011.

9 **Sec. 408.** RCW 82.04.260 and 2011 c 2 s 203 (Initiative Measure No.
10 1107) are each amended to read as follows:

11 ~~(1) ((Upon every person engaging within this state in the business
12 of manufacturing:~~

13 ~~(a) Wheat into flour, barley into pearl barley, soybeans into
14 soybean oil, canola into canola oil, canola meal, or canola by-
15 products, or sunflower seeds into sunflower oil; as to such persons the
16 amount of tax with respect to such business is equal to the value of
17 the flour, pearl barley, oil, canola meal, or canola by-product
18 manufactured, multiplied by the rate of 0.138 percent;~~

19 ~~(b) Beginning July 1, 2012, seafood products that remain in a raw,
20 raw frozen, or raw salted state at the completion of the manufacturing
21 by that person; or selling manufactured seafood products that remain in
22 a raw, raw frozen, or raw salted state at the completion of the
23 manufacturing, to purchasers who transport in the ordinary course of
24 business the goods out of this state; as to such persons the amount of
25 tax with respect to such business is equal to the value of the products
26 manufactured or the gross proceeds derived from such sales, multiplied
27 by the rate of 0.138 percent. Sellers must keep and preserve records
28 for the period required by RCW 82.32.070 establishing that the goods
29 were transported by the purchaser in the ordinary course of business
30 out of this state;~~

31 ~~(c) Beginning July 1, 2012, dairy products that as of September 20,
32 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,
33 including by products from the manufacturing of the dairy products such
34 as whey and casein; or selling the same to purchasers who transport in
35 the ordinary course of business the goods out of state; as to such
36 persons the tax imposed is equal to the value of the products
37 manufactured or the gross proceeds derived from such sales multiplied~~

1 by the rate of 0.138 percent. Sellers must keep and preserve records
2 for the period required by RCW 82.32.070 establishing that the goods
3 were transported by the purchaser in the ordinary course of business
4 out of this state;

5 (d) Beginning July 1, 2012, fruits or vegetables by canning,
6 preserving, freezing, processing, or dehydrating fresh fruits or
7 vegetables, or selling at wholesale fruits or vegetables manufactured
8 by the seller by canning, preserving, freezing, processing, or
9 dehydrating fresh fruits or vegetables and sold to purchasers who
10 transport in the ordinary course of business the goods out of this
11 state; as to such persons the amount of tax with respect to such
12 business is equal to the value of the products manufactured or the
13 gross proceeds derived from such sales multiplied by the rate of 0.138
14 percent. Sellers must keep and preserve records for the period
15 required by RCW 82.32.070 establishing that the goods were transported
16 by the purchaser in the ordinary course of business out of this state;

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

22 (f) Wood biomass fuel as defined in RCW 82.29A.135; as to such
23 persons the amount of tax with respect to the business is equal to the
24 value of wood biomass fuel manufactured, multiplied by the rate of
25 0.138 percent.

26 (2) Upon every person engaging within this state in the business of
27 splitting or processing dried peas; as to such persons the amount of
28 tax with respect to such business is equal to the value of the peas
29 split or processed, multiplied by the rate of 0.138 percent.

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

35 (4) Upon every person engaging within this state in the business of
36 slaughtering, breaking and/or processing perishable meat products
37 and/or selling the same at wholesale only and not at retail; as to such

1 persons the tax imposed is equal to the gross proceeds derived from
2 such sales multiplied by the rate of 0.138 percent.

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

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

15 (7) Upon every person engaging within this state in the business of
16 stevedoring and associated activities pertinent to the movement of
17 goods and commodities in waterborne interstate or foreign commerce; as
18 to such persons the amount of tax with respect to such business is
19 equal to the gross proceeds derived from such activities multiplied by
20 the rate of 0.275 percent. Persons subject to taxation under this
21 subsection are exempt from payment of taxes imposed by chapter 82.16
22 RCW for that portion of their business subject to taxation under this
23 subsection. Stevedoring and associated activities pertinent to the
24 conduct of goods and commodities in waterborne interstate or foreign
25 commerce are defined as all activities of a labor, service or
26 transportation nature whereby cargo may be loaded or unloaded to or
27 from vessels or barges, passing over, onto or under a wharf, pier, or
28 similar structure; cargo may be moved to a warehouse or similar holding
29 or storage yard or area to await further movement in import or export
30 or may move to a consolidation freight station and be stuffed,
31 unstuffed, containerized, separated or otherwise segregated or
32 aggregated for delivery or loaded on any mode of transportation for
33 delivery to its consignee. Specific activities included in this
34 definition are: Wharfage, handling, loading, unloading, moving of
35 cargo to a convenient place of delivery to the consignee or a
36 convenient place for further movement to export mode; documentation
37 services in connection with the receipt, delivery, checking, care,
38 custody and control of cargo required in the transfer of cargo;

1 ~~imported automobile handling prior to delivery to consignee; terminal~~
2 ~~stevedoring and incidental vessel services, including but not limited~~
3 ~~to plugging and unplugging refrigerator service to containers,~~
4 ~~trailers, and other refrigerated cargo receptacles, and securing ship~~
5 ~~hatch covers.~~

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

11 ~~If the gross income of the taxpayer is attributable to activities~~
12 ~~both within and without this state, the gross income attributable to~~
13 ~~this state must be determined in accordance with the methods of~~
14 ~~apportionment required under RCW 82.04.460.~~

15 ~~(9) Upon every person engaging within this state as an insurance~~
16 ~~producer or title insurance agent licensed under chapter 48.17 RCW or~~
17 ~~a surplus line broker licensed under chapter 48.15 RCW; as to such~~
18 ~~persons, the amount of the tax with respect to such licensed activities~~
19 ~~is equal to the gross income of such business multiplied by the rate of~~
20 ~~0.484 percent.~~

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

28 ~~(11))~~(a) Beginning October 1, 2005, upon every person engaging
29 within this state in the business of manufacturing commercial
30 airplanes, or components of such airplanes, or making sales, at retail
31 or wholesale, of commercial airplanes or components of such airplanes,
32 manufactured by the seller, as to such persons the amount of tax with
33 respect to such business is, in the case of manufacturers, equal to the
34 value of the product manufactured and the gross proceeds of sales of
35 the product manufactured, or in the case of processors for hire, equal
36 to the gross income of the business, multiplied by the rate of:

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

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

1 (b) Beginning July 1, 2008, upon every person who is not eligible
2 to report under the provisions of (a) of this subsection (~~((11))~~) (1)
3 and is engaging within this state in the business of manufacturing
4 tooling specifically designed for use in manufacturing commercial
5 airplanes or components of such airplanes, or making sales, at retail
6 or wholesale, of such tooling manufactured by the seller, as to such
7 persons the amount of tax with respect to such business is, in the case
8 of manufacturers, equal to the value of the product manufactured and
9 the gross proceeds of sales of the product manufactured, or in the case
10 of processors for hire, be equal to the gross income of the business,
11 multiplied by the rate of 0.2904 percent.

12 (c) For the purposes of this subsection (~~((11))~~) (1), "commercial
13 airplane" and "component" have the same meanings as provided in RCW
14 82.32.550.

15 (d) In addition to all other requirements under this title, a
16 person reporting under the tax rate provided in this subsection
17 (~~((11))~~) (1) must file a complete annual report with the department
18 under RCW 82.32.534.

19 (e) This subsection (~~((11))~~) (1) does not apply on and after July
20 1, 2024.

21 (~~((12))~~) (2)(a) Until July 1, 2024, upon every person engaging
22 within this state in the business of extracting timber or extracting
23 timber for hire (~~((timber))~~); as to such persons the amount of tax with
24 respect to the business is, in the case of extractors, equal to the
25 value of products, including by-products, extracted, or in the case of
26 extractors for hire, equal to the gross income of the business,
27 multiplied by the rate of 0.4235 percent from July 1, 2006, through
28 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
29 2024.

30 (b) Until July 1, 2024, upon every person engaging within this
31 state in the business of manufacturing (~~((or processing for hire))~~): (i)
32 Timber into timber products or wood products; or (ii) timber products
33 into other timber products or wood products; as to such persons the
34 amount of the tax with respect to the business is, in the case of
35 manufacturers, equal to the value of products, including by-products,
36 manufactured, or in the case of processors for hire, equal to the gross
37 income of the business, multiplied by the rate of 0.4235 percent from

1 July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1,
2 2007, through June 30, 2024.

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

13 (d) Until July 1, 2024, upon every person engaging within this
14 state in the business of selling standing timber; as to such persons
15 the amount of the tax with respect to the business is equal to the
16 gross income of the business multiplied by the rate of 0.2904 percent.
17 For purposes of this subsection (~~((+12+))~~) (2)(d), "selling standing
18 timber" means the sale of timber apart from the land, where the buyer
19 is required to sever the timber within thirty months from the date of
20 the original contract, regardless of the method of payment for the
21 timber and whether title to the timber transfers before, upon, or after
22 severance.

23 (e) For purposes of this subsection, the following definitions
24 apply:

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

28 (ii) "Paper and paper products" means products made of interwoven
29 cellulosic fibers held together largely by hydrogen bonding. "Paper
30 and paper products" includes newsprint; office, printing, fine, and
31 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
32 kraft bag, construction, and other kraft industrial papers; paperboard,
33 liquid packaging containers, containerboard, corrugated, and solid-
34 fiber containers including linerboard and corrugated medium; and
35 related types of cellulosic products containing primarily, by weight or
36 volume, cellulosic materials. "Paper and paper products" does not
37 include books, newspapers, magazines, periodicals, and other printed

1 publications, advertising materials, calendars, and similar types of
2 printed materials.

3 (iii) "Recycled paper" means paper and paper products having fifty
4 percent or more of their fiber content that comes from postconsumer
5 waste. For purposes of this subsection ~~((+12+))~~ (2)(e)(iii),
6 "postconsumer waste" means a finished material that would normally be
7 disposed of as solid waste, having completed its life cycle as a
8 consumer item.

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

13 (v) "Timber products" means:

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

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

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

21 (vi) "Wood products" means paper and paper products; dimensional
22 lumber; engineered wood products such as particleboard, oriented strand
23 board, medium density fiberboard, and plywood; wood doors; wood
24 windows; and biocomposite surface products.

25 (f) Except for small harvesters as defined in RCW 84.33.035, a
26 person reporting under the tax rate provided in this subsection
27 ~~((+12+))~~ (2) must file a complete annual survey with the department
28 under RCW 82.32.585.

29 ~~((+13) Upon every person engaging within this state in inspecting,
30 testing, labeling, and storing canned salmon owned by another person,
31 as to such persons, the amount of tax with respect to such activities
32 is equal to the gross income derived from such activities multiplied by
33 the rate of 0.484 percent.~~

34 ~~(+14+))~~ (3)(a) Upon every person engaging within this state in the
35 business of printing a newspaper, publishing a newspaper, or both, the
36 amount of tax on such business is equal to the gross income of the
37 business multiplied by the rate of 0.2904 percent.

1 (b) A person reporting under the tax rate provided in this
2 subsection ((+14)) (3) must file a complete annual report with the
3 department under RCW 82.32.534.

4 **Sec. 409.** RCW 82.04.280 and 2010 c 106 s 205 are each amended to
5 read as follows:

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

1 ~~definition of consumer contained in RCW 82.04.190(6);~~) as to such
2 persons, the amount of tax on such business is equal to the gross
3 income of the business multiplied by the rate of 0.484 percent.

4 (2) For the purposes of this section, ~~((the following definitions
5 apply unless the context clearly requires otherwise.~~

6 ~~(a) "Cold storage warehouse" means a storage warehouse used to
7 store fresh and/or frozen perishable fruits or vegetables, meat,
8 seafood, dairy products, or fowl, or any combination thereof, at a
9 desired temperature to maintain the quality of the product for orderly
10 marketing.~~

11 ~~(b) "Storage warehouse" means a building or structure, or any part
12 thereof, in which goods, wares, or merchandise are received for storage
13 for compensation, except field warehouses, fruit warehouses, fruit
14 packing plants, warehouses licensed under chapter 22.09 RCW, public
15 garages storing automobiles, railroad freight sheds, docks and wharves,
16 and "self-storage" or "mini storage" facilities whereby customers have
17 direct access to individual storage areas by separate entrance.
18 "Storage warehouse" does not include a building or structure, or that
19 part of such building or structure, in which an activity taxable under
20 RCW 82.04.272 is conducted.~~

21 ~~(c)) "periodical or magazine" means a printed publication, other
22 than a newspaper, issued regularly at stated intervals at least once
23 every three months, including any supplement or special edition of the
24 publication.~~

25 **Sec. 410.** RCW 82.04.285 and 2005 c 369 s 5 are each amended to
26 read as follows:

27 (1) Upon every person engaging within this state in the business of
28 operating contests of chance; as to such persons, the amount of tax
29 with respect to the business of operating contests of chance is equal
30 to the gross income of the business derived from contests of chance
31 multiplied by the rate of 1.5 percent.

32 (2) An additional tax is imposed on those persons subject to tax in
33 subsection (1) of this section. The amount of the additional tax with
34 respect to the business of operating contests of chance is equal to the
35 gross income of the business derived from contests of chance multiplied
36 by the rate of 0.1 percent through June 30, 2006, and 0.13 percent
37 thereafter. The money collected under this subsection (2) ~~((shall))~~

1 must be deposited in the problem gambling account created in RCW
2 43.20A.892. (~~This subsection does not apply to businesses operating~~
3 ~~contests of chance when the gross income from the operation of contests~~
4 ~~of chance is less than fifty thousand dollars per year.~~)

5 (3) For the purpose of this section, "contests of chance" means any
6 contests, games, gaming schemes, or gaming devices, other than the
7 state lottery as defined in RCW 67.70.010, in which the outcome depends
8 in a material degree upon an element of chance, notwithstanding that
9 skill of the contestants may also be a factor in the outcome. The term
10 includes social card games, bingo, raffle, and punchboard games, and
11 pull-tabs as defined in chapter 9.46 RCW. The term does not include
12 race meets for the conduct of which a license must be secured from the
13 Washington horse racing commission, or "amusement game" as defined in
14 RCW 9.46.0201.

15 (4) "Gross income of the business" does not include the monetary
16 value or actual cost of any prizes that are awarded, amounts paid to
17 players for winning wagers, accrual of prizes for progressive jackpot
18 contests, or repayment of amounts used to seed guaranteed progressive
19 jackpot prizes.

20 **Sec. 411.** RCW 82.04.290 and 2011 c 174 s 101 are each amended to
21 read as follows:

22 (1) (~~Upon every person engaging within this state in the business~~
23 ~~of providing international investment management services, as to such~~
24 ~~persons, the amount of tax with respect to such business shall be equal~~
25 ~~to the gross income or gross proceeds of sales of the business~~
26 ~~multiplied by a rate of 0.275 percent.~~

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

33 ((b)) (2) This (~~subsection (2) includes~~) section applies to,
34 among others, and without limiting the scope hereof (whether or not
35 title to materials used in the performance of such business passes to
36 another by accession, confusion or other than by outright sale),
37 persons engaged in the business of rendering any type of service which

1 does not constitute a "sale at retail" or a "sale at wholesale." This
2 includes, but is not limited to, the business of inspecting, testing,
3 labeling, and storing canned salmon owned by another person; conducting
4 research and development for compensation; providing chemical
5 dependency treatment services; providing travel agent or tour operator
6 services; acting as an international steamship agent, international
7 customs house broker, international freight forwarder, vessel or cargo
8 charter broker in foreign commerce, or international air cargo agent;
9 the business of stevedoring and associated activities pertinent to the
10 movement of goods and commodities in waterborne interstate or foreign
11 commerce as defined in section 422 of this act; performing aerospace
12 product development for others; operating a warehouse; providing
13 international investment management services; providing boarding home
14 services as defined in section 429 of this act; receiving income from
15 royalties; providing day care services; and performing insurance
16 services as defined in section 432 of this act.

17 (3) The value of advertising, demonstration, and promotional
18 supplies and materials furnished to an agent by his or her principal or
19 supplier to be used for informational, educational, and promotional
20 purposes (~~shall~~) is not (~~be~~) considered a part of the agent's
21 remuneration or commission and (~~shall~~) is not (~~be~~) subject to
22 taxation under this section.

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

28 ~~(b) "Aerospace product development" has the meaning as provided in~~
29 ~~RCW 82.04.4461.)~~

30 NEW SECTION. Sec. 412. The following acts or parts of acts are
31 each repealed:

32 (1) RCW 82.04.2404 (Manufacturers--Processors for hire--
33 Semiconductor materials) and 2010 c 114 s 105 & 2006 c 84 s 2;

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

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

- 1 (4) RCW 82.04.2906 (Tax on certain chemical dependency services)
2 and 2003 c 343 s 1;
- 3 (5) RCW 82.04.2907 (Tax on royalties) and 2010 1st sp.s. c 23 s
4 107, 2010 c 111 s 302, 2009 c 535 s 407, 2001 c 320 s 3, & 1998 c 331
5 s 1;
- 6 (6) RCW 82.04.2908 (Tax on provision of room and domiciliary care
7 to boarding home residents) and 2005 c 514 s 302 & 2004 c 174 s 1;
- 8 (7) RCW 82.04.2909 (Tax on aluminum smelters) and 2011 c 174 s 301;
- 9 (8) RCW 82.04.294 (Tax on manufacturers or wholesalers of solar
10 energy systems) and 2011 c 179 s 1, 2010 c 114 s 109, 2009 c 469 s 501,
11 2007 c 54 s 8, & 2005 c 301 s 2;
- 12 (9) 2010 c 114 s 104;
- 13 (10) 2003 c 149 s 3;
- 14 (11) 2010 c 106 s 206;
- 15 (12) 2009 c 461 s 3;
- 16 (13) 2006 c 300 s 7; and
- 17 (14) 2003 c 149 s 4.

18 NEW SECTION. **Sec. 413.** A new section is added to chapter 82.04
19 RCW to read as follows:

20 (1) In computing the tax imposed under RCW 82.04.290 on engaging in
21 the business of conducting research and development for compensation,
22 a nonprofit corporation or nonprofit association is entitled to a
23 deduction as provided in subsection (2) of this section.

24 (2) The amount of the deduction under this section is determined by
25 multiplying 0.67734 by:

26 (a) The gross income of the business during the reporting period
27 from conducting research and development for compensation; or

28 (b) If the taxpayer is entitled to one or more deductions under any
29 other statute in this chapter in computing the tax imposed under RCW
30 82.04.290 on the business of conducting research and development for
31 compensation, the difference resulting from subtracting all other
32 deductible amounts from the gross income of the business during the
33 reporting period from conducting research and development for
34 compensation.

35 (3) The deduction in this section may only be claimed on a return
36 filed electronically using the department's online tax filing service.

1 NEW SECTION. **Sec. 414.** A new section is added to chapter 82.04
2 RCW to read as follows:

3 (1) In computing the tax imposed under RCW 82.04.240 on the
4 business of manufacturing wood biomass fuel, a person is entitled to a
5 deduction as determined in subsection (2) of this section.

6 (2) The amount of the deduction under this section is determined by
7 multiplying 0.71488 by:

8 (a) The value of the wood biomass fuel manufactured by the person
9 during the reporting period; or

10 (b) If the person is entitled to one or more deductions under any
11 other statute in this chapter in computing the tax imposed under RCW
12 82.04.240 on the business of manufacturing wood biomass fuel, the
13 difference resulting from subtracting all other deductible amounts from
14 the value of the wood biomass fuel manufactured by the person during
15 the reporting period.

16 (3) "Wood biomass fuel" has the same meaning as in RCW 82.29A.135.

17 (4) The deduction in this section may only be claimed on a return
18 filed electronically using the department's online tax filing service.

19 NEW SECTION. **Sec. 415.** A new section is added to chapter 82.04
20 RCW to read as follows:

21 (1)(a) In computing the tax imposed under RCW 82.04.270 on the
22 business of making wholesale sales of aluminum manufactured by the
23 seller, an aluminum smelter is entitled to a deduction as determined in
24 (b) of this subsection (1).

25 (b) The amount of the deduction under this subsection (1) is
26 determined by multiplying 0.4 by:

27 (i) The gross proceeds of wholesale sales by the taxpayer, during
28 the reporting period, of aluminum manufactured by the taxpayer; or

29 (ii) If the taxpayer is entitled to one or more deductions under
30 any other statute in this chapter in computing the tax imposed under
31 RCW 82.04.270 on the business of making wholesale sales of aluminum
32 manufactured by the taxpayer, the difference resulting from subtracting
33 all other deductible amounts from the gross proceeds of wholesale sales
34 by the taxpayer, during the reporting period, of aluminum manufactured
35 by the taxpayer.

36 (2)(a) In computing the tax imposed under RCW 82.04.240 on the

1 business of manufacturing aluminum, an aluminum smelter is entitled to
2 a deduction as determined in (b) of this subsection (2).

3 (b) The amount of the deduction under this subsection (2) is
4 determined by multiplying 0.4 by:

5 (i) The value of the product manufactured by the taxpayer during
6 the reporting period, in the case of manufacturers, or, in the case of
7 processors for hire, the gross income of the business from processing
8 aluminum for hire during the reporting period; or

9 (ii) If the taxpayer is entitled to one or more deductions under
10 any other statute in this chapter in computing the tax imposed under
11 RCW 82.04.240 on the business of manufacturing aluminum, the difference
12 resulting from subtracting all other deductible amounts from the value
13 of the product manufactured by the taxpayer during the reporting
14 period, in the case of manufacturers, or, in the case of processors for
15 hire, the gross income of the business from processing aluminum for
16 hire during the reporting period.

17 (3) A person claiming a deduction under this section must file a
18 complete annual report with the department under RCW 82.32.534.
19 However, if legislation is enacted after 2011 that replaces the annual
20 report under RCW 82.32.534 with the annual survey under RCW 82.32.585,
21 a person claiming a deduction under this section must file a complete
22 annual survey with the department under RCW 82.32.585.

23 (4) The deductions in this section may only be claimed on a return
24 filed electronically using the department's online tax filing service.

25 (5) No deduction may be claimed under this section for reporting
26 periods beginning January 1, 2017.

27 NEW SECTION. **Sec. 416.** A new section is added to chapter 82.04
28 RCW to read as follows:

29 (1) In computing the tax imposed under RCW 82.04.240 on the
30 business of manufacturing semiconductor materials, a person is entitled
31 to a deduction as determined in subsection (2) of this section.

32 (2) The amount of the deduction under this section is determined by
33 multiplying 0.43183 by:

34 (a) The value of the product manufactured by the taxpayer during
35 the reporting period, in the case of manufacturers, or, in the case of
36 processors for hire, the gross income of the business from processing
37 semiconductor materials for hire during the reporting period; or

1 (b) If the taxpayer is entitled to one or more deductions under any
2 other statute in this chapter in computing the tax imposed under RCW
3 82.04.240 on the business of manufacturing semiconductor materials, the
4 difference resulting from subtracting all other deductible amounts from
5 the value of the product manufactured by the taxpayer during the
6 reporting period, in the case of manufacturers, or, in the case of
7 processors for hire, the gross income of the business from processing
8 semiconductor materials for hire during the reporting period.

9 (3) For the purposes of this section "semiconductor materials"
10 means silicon crystals, silicon ingots, raw polished semiconductor
11 wafers, and compound semiconductor wafers.

12 (4) A person claiming a deduction under this section must file a
13 complete annual report with the department under RCW 82.32.534.
14 However, if legislation is enacted after 2011 that replaces the annual
15 report under RCW 82.32.534 with the annual survey under RCW 82.32.585,
16 a person claiming a deduction under this section must file a complete
17 annual survey with the department under RCW 82.32.585.

18 (5) The deduction in this section may only be claimed on a return
19 filed electronically using the department's online tax filing service.

20 (6) No deduction may be claimed under this section for reporting
21 periods beginning December 1, 2018.

22 NEW SECTION. **Sec. 417.** A new section is added to chapter 82.04
23 RCW to read as follows:

24 (1) In computing the tax imposed under RCW 82.04.240 on the
25 business of manufacturing semiconductor materials, a person is entitled
26 to a deduction as determined in subsection (2) of this section.

27 (2) The amount of the deduction under this section is determined by
28 multiplying 0.43183 by:

29 (a) The value of the product manufactured by the taxpayer during
30 the reporting period, in the case of manufacturers, or, in the case of
31 processors for hire, the gross income of the business from processing
32 semiconductor materials for hire during the reporting period; or

33 (b) If the taxpayer is entitled to one or more deductions under any
34 other statute in this chapter in computing the tax imposed under RCW
35 82.04.240 on the business of manufacturing semiconductor materials, the
36 difference resulting from subtracting all other deductible amounts from
37 the value of the product manufactured by the taxpayer during the

1 reporting period, in the case of manufacturers, or, in the case of
2 processors for hire, the gross income of the business from processing
3 semiconductor materials for hire during the reporting period.

4 (3) For the purposes of this section "semiconductor materials"
5 means silicon crystals, silicon ingots, raw polished semiconductor
6 wafers, compound semiconductors, integrated circuits, and microchips.

7 (4) A person claiming a deduction under this section must file a
8 complete annual report with the department under RCW 82.32.534.
9 However, if legislation is enacted after 2011 that replaces the annual
10 report under RCW 82.32.534 with the annual survey under RCW 82.32.585,
11 a person claiming a deduction under this section must file a complete
12 annual survey with the department under RCW 82.32.585.

13 (5) The deduction in this section may only be claimed on a return
14 filed electronically using the department's online tax filing service.

15 (6) No deduction may be claimed under this section for reporting
16 periods beginning the date that is twelve years after the effective
17 date of this section.

18 NEW SECTION. **Sec. 418.** A new section is added to chapter 82.04
19 RCW to read as follows:

20 (1) In computing the tax imposed under RCW 82.04.290 on the
21 business of inspecting, testing, labeling, and storing canned salmon
22 owned by another person, a person is entitled to a deduction as
23 determined in subsection (2) of this section.

24 (2) The amount of the deduction under this section is determined by
25 multiplying 0.67734 by:

26 (a) The person's gross income of the business during the reporting
27 period from inspecting, testing, labeling, and storing canned salmon
28 owned by another person; or

29 (b) If the person is entitled to one or more deductions under any
30 other statute in this chapter in computing the tax imposed under RCW
31 82.04.290 on the person's business of inspecting, testing, labeling,
32 and storing canned salmon owned by another person, the difference
33 resulting from subtracting all other deductible amounts from the
34 person's gross income of the business during the reporting period from
35 inspecting, testing, labeling, and storing canned salmon owned by
36 another person.

1 (3) The deduction in this section may only be claimed on a return
2 filed electronically using the department's online tax filing service.

3 NEW SECTION. **Sec. 419.** A new section is added to chapter 82.04
4 RCW to read as follows:

5 (1) In computing the tax imposed under RCW 82.04.290 on the
6 business of providing eligible chemical dependency treatment services,
7 a person is entitled to a deduction as determined in subsection (2) of
8 this section.

9 (2) The amount of the deduction under this section is determined by
10 multiplying 0.67734 by:

11 (a) The person's gross income of the business during the reporting
12 period from providing eligible chemical dependency treatment services;
13 or

14 (b) If the person is entitled to one or more deductions under any
15 other statute in this chapter in computing the tax imposed under RCW
16 82.04.290 on the business of providing eligible chemical dependency
17 treatment services, the difference resulting from subtracting all other
18 deductible amounts from the person's gross income of the business
19 during the reporting period from providing eligible chemical dependency
20 treatment services.

21 (3) For purposes of this section, "eligible chemical dependency
22 treatment services" means intensive inpatient or recovery house
23 residential treatment services for chemical dependency, certified by
24 the department of social and health services, for which payment from
25 the United States or any of its instrumentalities or from the state of
26 Washington or any of its municipal corporations or political
27 subdivisions is received as compensation for or to support those
28 services.

29 (4) The deduction in this section may only be claimed on a return
30 filed electronically using the department's online tax filing service.

31 NEW SECTION. **Sec. 420.** A new section is added to chapter 82.04
32 RCW to read as follows:

33 (1)(a) In computing the tax imposed under RCW 82.04.270 on the
34 business of making wholesale sales of qualifying solar energy systems
35 or qualifying components by the manufacturer of the system or

1 component, a person is entitled to a deduction as determined in (b) of
2 this subsection (1).

3 (b) The amount of the deduction under this subsection (1) is
4 determined by multiplying 0.43183 by:

5 (i) The gross proceeds of wholesale sales by the person, during the
6 reporting period, of qualifying solar energy products or qualifying
7 components, manufactured by the person; or

8 (ii) If the person is entitled to one or more deductions under any
9 other statute in this chapter in computing the tax imposed under RCW
10 82.04.270 on the business of making wholesale sales of qualifying solar
11 energy systems or qualifying components manufactured by the person, the
12 difference resulting from subtracting all other deductible amounts from
13 the gross proceeds of wholesale sales by the person, during the
14 reporting period, of qualifying solar energy systems or qualifying
15 components manufactured by the person.

16 (2)(a) In computing the tax imposed under RCW 82.04.240 on the
17 business of manufacturing qualifying solar energy systems or qualifying
18 components, a person is entitled to a deduction as determined in (b) of
19 this subsection (2).

20 (b) The amount of the deduction under this subsection (2) is
21 determined by multiplying 0.43183 by:

22 (i) The value of the qualifying solar energy systems or qualifying
23 components manufactured by the person during the reporting period, in
24 the case of manufacturers, or, in the case of processors for hire, the
25 gross income of the business from processing qualifying solar energy
26 systems or qualifying components for hire during the reporting period;
27 or

28 (ii) If the person is entitled to one or more deductions under any
29 other statute in this chapter in computing the tax imposed under RCW
30 82.04.240 on the business of manufacturing qualifying solar energy
31 systems or qualifying components, the difference resulting from
32 subtracting all other deductible amounts from the value of the
33 qualifying solar energy systems or qualifying components manufactured
34 by the person during the reporting period, in the case of
35 manufacturers, or, in the case of processors for hire, the gross income
36 of the business from processing solar energy systems or qualifying
37 components for hire during the reporting period.

1 (3) The definitions in this subsection apply throughout this
2 section.

3 (a) "Compound semiconductor solar wafers" means a semiconductor
4 solar wafer composed of elements from two or more different groups of
5 the periodic table.

6 (b) "Module" means the smallest nondivisible self-contained
7 physical structure housing interconnected photovoltaic cells and
8 providing a single direct current electrical output.

9 (c) "Photovoltaic cell" means a device that converts light directly
10 into electricity without moving parts.

11 (d) "Qualifying component" means the following products to be used
12 exclusively in components of qualifying solar energy systems: Solar
13 grade silicon, silicon solar wafers, silicon solar cells, thin film
14 solar devices, or compound semiconductor solar wafers.

15 (e) "Qualifying solar energy system" means a solar energy system
16 using photovoltaic modules or stirling converters.

17 (f) "Silicon solar cells" means a photovoltaic cell manufactured
18 from a silicon solar wafer.

19 (g) "Silicon solar wafers" means a silicon wafer manufactured for
20 solar conversion purposes.

21 (h) "Solar energy system" means any device or combination of
22 devices or elements that rely upon direct sunlight as an energy source
23 for use in the generation of electricity.

24 (i) "Solar grade silicon" means high-purity silicon used
25 exclusively in components of solar energy systems using photovoltaic
26 modules to capture direct sunlight. "Solar grade silicon" does not
27 include silicon used in semiconductors.

28 (j) "Stirling converter" means a device that produces electricity
29 by converting heat from a solar source utilizing a stirling engine.

30 (k) "Thin film solar devices" means a nonparticipating substrate on
31 which various semiconducting materials are deposited to produce a
32 photovoltaic cell that is used to generate electricity.

33 (4) A person claiming a deduction under this section must file a
34 complete annual report with the department under RCW 82.32.534.
35 However, if legislation is enacted after 2011 that replaces the annual
36 report under RCW 82.32.534 with the annual survey under RCW 82.32.585,
37 a person claiming a deduction under this section must file a complete
38 annual survey with the department under RCW 82.32.585.

1 (5) The deductions in this section may only be claimed on a return
2 filed electronically using the department's online tax filing service.

3 (6) No deduction may be claimed under this section for reporting
4 periods beginning July 1, 2014.

5 NEW SECTION. **Sec. 421.** A new section is added to chapter 82.04
6 RCW to read as follows:

7 (1) In computing the tax imposed under RCW 82.04.240 on the
8 business of splitting or processing dried peas or of manufacturing
9 wheat into flour; barley into pearl barley; soybeans into soybean oil;
10 canola into canola oil, canola meal, or canola by-products; or
11 sunflower seeds into sunflower oil; a person is entitled to a deduction
12 as determined in subsection (2) of this section.

13 (2) The amount of the deduction under this section is determined by
14 multiplying 0.71488 by:

15 (a) The value of the product or products described in subsection
16 (1) of this section and manufactured by the person during the reporting
17 period; or

18 (b) If the person is entitled to one or more deductions under any
19 other statute in this chapter in computing the tax imposed under RCW
20 82.04.240 on the business of manufacturing one or more of the products
21 described in subsection (1) of this section, the difference resulting
22 from subtracting all other deductible amounts from the value of the
23 product or products described in subsection (1) of this section and
24 manufactured by the person during the reporting period.

25 (3) The deduction in this section may only be claimed on a return
26 filed electronically using the department's online tax filing service.

27 NEW SECTION. **Sec. 422.** A new section is added to chapter 82.04
28 RCW to read as follows:

29 (1) In computing the tax imposed under RCW 82.04.290 on qualifying
30 travel or transportation-related activities, a person is entitled to a
31 deduction as determined in subsection (2) of this section.

32 (2) The amount of the deduction under this section is determined by
33 multiplying 0.81667 by:

34 (a) The person's gross income of the business during the reporting
35 period from engaging in qualifying travel or transportation-related
36 activities; or

1 (b) If the person is entitled to one or more deductions under any
2 other statute in this chapter in computing the tax imposed under RCW
3 82.04.290 on the person's business of engaging in qualifying travel or
4 transportation-related activities, the difference resulting from
5 subtracting all other deductible amounts from the person's gross income
6 of the business during the reporting period from engaging in qualifying
7 travel or transportation-related activities.

8 (3) The definitions in this subsection apply throughout this
9 section.

10 (a) "Qualifying travel or transportation-related activities" means
11 engaging within this state in one or more of the following businesses:
12 Travel agent, tour operator, international steamship agent,
13 international customs house broker, international freight forwarder,
14 vessel or cargo charter broker in foreign commerce, international air
15 cargo agent, or stevedoring and associated activities pertinent to the
16 movement of goods and commodities in waterborne interstate or foreign
17 commerce.

18 (b) "Stevedoring and associated activities pertinent to the
19 movement of goods and commodities in waterborne interstate or foreign
20 commerce" means all activities of a labor, service, or transportation
21 nature whereby cargo may be loaded or unloaded to or from vessels or
22 barges, passing over, onto or under a wharf, pier, or similar
23 structure; cargo may be moved to a warehouse or similar holding or
24 storage yard or area to await further movement in import or export or
25 may move to a consolidation freight station and be stuffed, unstuffed,
26 containerized, separated, or otherwise segregated or aggregated for
27 delivery or loaded on any mode of transportation for delivery to its
28 consignee. Specific activities included in this definition are:
29 Wharfage, handling, loading, unloading, moving of cargo to a convenient
30 place of delivery to the consignee or a convenient place for further
31 movement to export mode; documentation services in connection with the
32 receipt, delivery, checking, care, custody, and control of cargo
33 required in the transfer of cargo; imported automobile handling prior
34 to delivery to consignee; terminal stevedoring and incidental vessel
35 services, including but not limited to plugging and unplugging
36 refrigerator service to containers, trailers, and other refrigerated
37 cargo receptacles, and securing ship hatch covers.

1 (4) The deduction in this section may only be claimed on a return
2 filed electronically using the department's online tax filing service.

3 NEW SECTION. **Sec. 423.** A new section is added to chapter 82.04
4 RCW to read as follows:

5 (1) In computing the tax imposed under RCW 82.04.250 on the
6 business of making qualifying retail sales, an eligible person is
7 entitled to a deduction as determined in subsection (2) of this
8 section.

9 (2) The amount of the deduction under this section is determined by
10 multiplying 0.38344 by:

11 (a) The eligible person's gross proceeds of qualifying retail sales
12 during the reporting period; or

13 (b) If the eligible person is entitled to one or more deductions
14 under any other statute in this chapter in computing the tax imposed
15 under RCW 82.04.250 on the business of making qualifying retail sales,
16 the difference resulting from subtracting all other deductible amounts
17 from the eligible person's gross proceeds of qualifying retail sales
18 during the reporting period.

19 (3) The definitions in this subsection apply throughout this
20 section.

21 (a) "Eligible person" means a person classified by the federal
22 aviation administration as a federal aviation regulation part 145
23 certificated repair station.

24 (b) "Qualifying retail sales" means sales at retail that are exempt
25 from the tax imposed under RCW 82.08.020 by reason of RCW 82.08.0261,
26 82.08.0262, or 82.08.0263.

27 (4) A person claiming a deduction under this section must file a
28 complete annual report with the department under RCW 82.32.534.
29 However, if legislation is enacted after 2011 that replaces the annual
30 report under RCW 82.32.534 with the annual survey under RCW 82.32.585,
31 a person claiming a deduction under this section must file a complete
32 annual survey with the department under RCW 82.32.585.

33 (5) The deduction in this section may only be claimed on a return
34 filed electronically using the department's online tax filing service.

35 (6) No deduction may be claimed under this section for reporting
36 periods beginning July 1, 2024.

1 NEW SECTION. **Sec. 424.** A new section is added to chapter 82.04
2 RCW to read as follows:

3 (1) In computing the tax imposed under RCW 82.04.250 or 82.04.270
4 on the business of making sales at retail or wholesale of prescription
5 drugs, an eligible person is entitled to a deduction as determined in
6 this subsection.

7 (a) The deduction under this subsection from the gross proceeds of
8 retail sales of prescription drugs is determined by multiplying 0.70701
9 by:

10 (i) The gross proceeds of retail sales of prescription drugs by the
11 eligible person during the reporting period; or

12 (ii) If the eligible person is entitled to one or more deductions
13 under any other statute in this chapter in computing the tax imposed
14 under RCW 82.04.250 on the business of making retail sales of
15 prescription drugs, the difference resulting from subtracting all other
16 deductible amounts from the gross proceeds of retail sales of
17 prescription drugs by the eligible person during the reporting period.

18 (b) The deduction under this subsection from the gross proceeds of
19 wholesale sales of prescription drugs is determined by multiplying
20 0.71488 by:

21 (i) The gross proceeds of wholesale sales of prescription drugs by
22 the eligible person during the reporting period; or

23 (ii) If the eligible person is entitled to one or more deductions
24 under any other statute in this chapter in computing the tax imposed
25 under RCW 82.04.270 on the business of making wholesale sales of
26 prescription drugs, the difference resulting from subtracting all other
27 deductible amounts from the gross proceeds of wholesale sales of
28 prescription drugs by the eligible person during the reporting period.

29 (2) The definitions in this subsection apply throughout this
30 section:

31 (a) "Eligible person" means a person who:

32 (i) Is registered with the federal drug enforcement administration
33 and licensed by the state board of pharmacy;

34 (ii) Buys prescription drugs from a manufacturer or another
35 wholesaler and resells the drugs to persons selling at retail or to
36 hospitals, clinics, health care providers, or other providers of health
37 care services; and

1 (iii) Owns or operates a warehouse inside or outside of this state
2 where the person's prescription drugs are stored pending delivery to
3 buyers.

4 (b) "Prescription drugs" means drugs intended for human use
5 pursuant to a prescription.

6 (c) "Prescription" and "drug" have the same meaning as in RCW
7 82.08.0281.

8 (3) The deduction in this section may only be claimed on a return
9 filed electronically using the department's online tax filing service.

10 NEW SECTION. **Sec. 425.** A new section is added to chapter 82.04
11 RCW to read as follows:

12 (1) In computing the tax imposed under RCW 82.04.290 on the
13 business of performing aerospace product development for others, a
14 person is entitled to a deduction as determined in subsection (2) of
15 this section.

16 (2) The amount of the deduction under this section is determined by
17 multiplying 0.4 by:

18 (a) The person's gross income of the business during the reporting
19 period from performing aerospace product development for others; or

20 (b) If the person is entitled to one or more deductions under any
21 other statute in this chapter in computing the tax imposed under RCW
22 82.04.290 on the person's business of performing aerospace product
23 development for others, the difference resulting from subtracting all
24 other deductible amounts from the person's gross income of the business
25 during the reporting period from performing aerospace product
26 development for others.

27 (3) For purposes of this section, "aerospace product development"
28 has the same meaning as in RCW 82.04.4461.

29 (4) A person claiming a deduction under this section must file a
30 complete annual report with the department under RCW 82.32.534.
31 However, if legislation is enacted after 2011 that replaces the annual
32 report under RCW 82.32.534 with the annual survey under RCW 82.32.585,
33 a person claiming a deduction under this section must file a complete
34 annual survey with the department under RCW 82.32.585.

35 (5) The deduction in this section may only be claimed on a return
36 filed electronically using the department's online tax filing service.

1 (6) No deduction may be claimed under this section for reporting
2 periods beginning July 1, 2024.

3 NEW SECTION. **Sec. 426.** A new section is added to chapter 82.04
4 RCW to read as follows:

5 (1) In computing the tax imposed under RCW 82.04.290 on the
6 business of operating a qualifying warehouse, a person is entitled to
7 a deduction as determined in subsection (2) of this section.

8 (2) The amount of the deduction under this section is determined by
9 multiplying 0.67734 by:

10 (a) The person's gross income of the business during the reporting
11 period from operating a qualifying warehouse; or

12 (b) If the person is entitled to one or more deductions under any
13 other statute in this chapter in computing the tax imposed under RCW
14 82.04.290 on the person's business of operating a qualifying warehouse,
15 the difference resulting from subtracting all other deductible amounts
16 from the person's gross income of the business during the reporting
17 period from operating a qualifying warehouse.

18 (3) For purposes of this section, "qualifying warehouse" means a
19 cold storage warehouse or storage warehouse. The term does not include
20 cold storage lockers.

21 (a) "Cold storage warehouse" means a storage warehouse used to
22 store any combination of fresh or frozen perishable fruits or
23 vegetables, meat, seafood, dairy products, or fowl, at a desired
24 temperature to maintain the quality of the product for orderly
25 marketing.

26 (b) "Storage warehouse" means a building or structure, or any part
27 of a building or structure, in which goods, wares, or merchandise are
28 received for storage for compensation, except field warehouses, fruit
29 warehouses, fruit packing plants, warehouses licensed under chapter
30 22.09 RCW, public garages storing automobiles, railroad freight sheds,
31 docks and wharves, and "self-storage" or "mini storage" facilities
32 whereby customers have direct access to individual storage areas by
33 separate entrance. "Storage warehouse" does not include a building or
34 structure, or that part of such building or structure, in which an
35 activity is conducted that entitles the person conducting the activity
36 to a deduction under section 424 of this act.

1 (4) The deduction in this section may only be claimed on a return
2 filed electronically using the department's online tax filing service.

3 NEW SECTION. **Sec. 427.** A new section is added to chapter 82.04
4 RCW to read as follows:

5 (1) In computing the tax imposed under RCW 82.04.290 on
6 international investment management services, a person is entitled to
7 a deduction as determined in subsection (2) of this section.

8 (2) The amount of the deduction under this section is determined by
9 multiplying 0.81667 by:

10 (a) The person's gross income of the business during the reporting
11 period from providing international investment management services; or

12 (b) If the person is entitled to one or more deductions under any
13 other statute in this chapter in computing the tax imposed under RCW
14 82.04.290 on the person's business of providing international
15 investment management services, the difference resulting from
16 subtracting all other deductible amounts from the person's gross income
17 of the business during the reporting period from providing
18 international investment management services.

19 (3) The deduction in this section may only be claimed on a return
20 filed electronically using the department's online tax filing service.

21 NEW SECTION. **Sec. 428.** A new section is added to chapter 82.04
22 RCW to read as follows:

23 (1)(a) In computing the tax imposed under RCW 82.04.270 on the
24 business of making wholesale sales of qualifying meat products, an
25 eligible person is entitled to a deduction as determined in (b) of this
26 subsection (1).

27 (b) The amount of the deduction under this subsection (1) is
28 determined by multiplying 0.71488 by:

29 (i) The gross proceeds of wholesale sales of qualifying meat
30 products during the reporting period by the eligible person; or

31 (ii) If the eligible person is entitled to one or more deductions
32 under any other statute in this chapter in computing the tax imposed
33 under RCW 82.04.270 on the business of making wholesale sales of
34 qualifying meat products, the difference resulting from subtracting all
35 other deductible amounts from the gross proceeds of wholesale sales of

1 qualifying meat products during the reporting period by the eligible
2 person.

3 (2)(a) In computing the tax imposed under RCW 82.04.240 on the
4 business of processing perishable meat products, a person is entitled
5 to a deduction as determined in (b) of this subsection (2).

6 (b) The amount of the deduction under this subsection (2) is
7 determined by multiplying 0.71488 by:

8 (i) The value of the meat product processed by the person for the
9 reporting period, in the case of manufacturers, or, in the case of
10 processors for hire, the gross income of the business for the reporting
11 period from processing meat products for hire; or

12 (ii) If the person is entitled to one or more deductions under any
13 other statute in this chapter in computing the tax imposed under RCW
14 82.04.240 on the business of processing perishable meat products, the
15 difference resulting from subtracting all other deductible amounts from
16 the value of the meat product processed by the person for the reporting
17 period, in the case of manufacturers, or, in the case of processors for
18 hire, the gross income of the business for the reporting period from
19 processing meat products for hire.

20 (3) The definitions in this subsection apply throughout this
21 section.

22 (a) "Eligible person" means any person who sells perishable meat
23 products at wholesale or any person who takes an animal or a perishable
24 meat product, processes it, and sells the resulting qualifying meat
25 product at wholesale.

26 (b) "Meat product" means a product derived in whole or in part from
27 any part of an animal carcass, except products derived from seafood or
28 insects. The term includes only products that are intended for human
29 consumption as food or animal consumption as feed.

30 (c) "Perishable meat product" means a meat product having a high
31 risk of spoilage within a period of thirty days without refrigeration
32 or freezing.

33 (d) "Processed," "processes," or "processing" means to engage in
34 one or more of the following activities: Slaughtering an animal,
35 breaking an animal carcass or part of an animal carcass into any type
36 of smaller unit, or engaging in any other manufacturing activity when
37 perishable meat is either the finished product or an ingredient or
38 component of the finished product.

1 (e) "Qualifying meat product" means: (i) With respect to any
2 person, a perishable meat product; and (ii) any meat product,
3 perishable or not, that is the result of the seller taking an animal or
4 a perishable meat product, processing it, and selling the resulting
5 meat product at wholesale, even if meat is only a component of the
6 finished product.

7 (4) The deductions in this section may only be claimed on a return
8 filed electronically using the department's online tax filing service.

9 NEW SECTION. **Sec. 429.** A new section is added to chapter 82.04
10 RCW to read as follows:

11 (1) In computing the tax imposed under RCW 82.04.290 on boarding
12 home services, a licensed boarding home is entitled to a deduction as
13 provided in subsection (2) of this section.

14 (2) The amount of the deduction under this section is determined by
15 multiplying 0.81667 by:

16 (a) The gross income of the business during the reporting period
17 from providing boarding home services; or

18 (b) If the taxpayer is entitled to one or more deductions under any
19 other statute in this chapter in computing the tax imposed under RCW
20 82.04.290 on the business of providing boarding home services, the
21 difference resulting from subtracting all other deductible amounts from
22 the gross income of the business during the reporting period from
23 providing boarding home services.

24 (3) For purposes of this section, the following definitions apply:

25 (a) "Boarding home services" means any services that a licensed
26 boarding home is authorized to provide to residents of the boarding
27 home, either directly or indirectly, and housing provided to residents
28 of the boarding home.

29 (b) "Licensed boarding home" means a boarding home licensed under
30 chapter 18.20 RCW.

31 (4) The definitions in RCW 18.20.020 apply to this section.

32 (5) The deduction in this section may only be claimed on a return
33 filed electronically using the department's online tax filing service.

34 NEW SECTION. **Sec. 430.** A new section is added to chapter 82.04
35 RCW to read as follows:

1 (1) In computing the tax imposed under RCW 82.04.290 on the
2 business of receiving income from royalties, a person is entitled to a
3 deduction as provided in subsection (2) of this section.

4 (2) The amount of the deduction under this section is determined by
5 multiplying 0.67734 by:

6 (a) The gross income from royalties during the reporting period; or

7 (b) If the person is entitled to one or more deductions under any
8 other statute in this chapter in computing the tax imposed under RCW
9 82.04.290 on the business of receiving income from royalties, the
10 difference resulting from subtracting all other deductible amounts from
11 the gross income from royalties during the reporting period.

12 (3) For purposes of this section, "gross income from royalties"
13 means compensation for the use of intangible property, including
14 charges in the nature of royalties, regardless of where the intangible
15 property will be used. For purposes of this subsection, "intangible
16 property" includes copyrights, patents, licenses, franchises,
17 trademarks, trade names, and similar items. "Gross income from
18 royalties" does not include compensation for any natural resource, the
19 licensing of prewritten computer software to the end user, or the
20 licensing of digital goods, digital codes, or digital automated
21 services to the end user as defined in RCW 82.04.190(11).

22 (4) The deduction in this section may only be claimed on a return
23 filed electronically using the department's online tax filing service.

24 NEW SECTION. **Sec. 431.** A new section is added to chapter 82.04
25 RCW to read as follows:

26 (1) In computing the tax imposed under RCW 82.04.290 on providing
27 child day care, a person is entitled to a deduction as provided in
28 subsection (2) of this section.

29 (2) The amount of the deduction under this section is determined by
30 multiplying 0.67734 by:

31 (a) The gross income of the business during the reporting period
32 from providing child day care; or

33 (b) If the person is entitled to one or more deductions under any
34 other statute in this chapter in computing the tax imposed under RCW
35 82.04.290 on the business of providing child day care, the difference
36 resulting from subtracting all other deductible amounts from the gross

1 income of the business during the reporting period from providing child
2 day care.

3 (3) For purposes of this section, "child day care" means providing
4 child care for continuous periods of less than twenty-four hours.

5 (4) The deduction in this section may only be claimed on a return
6 filed electronically using the department's online tax filing service.

7 NEW SECTION. **Sec. 432.** A new section is added to chapter 82.04
8 RCW to read as follows:

9 (1) In computing the tax imposed under RCW 82.04.290 on providing
10 insurance services, a person is entitled to a deduction as provided in
11 subsection (2) of this section.

12 (2) The amount of the deduction under this section is determined by
13 multiplying 0.67734 by:

14 (a) The gross income of the business during the reporting period
15 from providing insurance services; or

16 (b) If the person is entitled to one or more deductions under any
17 other statute in this chapter in computing the tax imposed under RCW
18 82.04.290 on the business of providing insurance services, the
19 difference resulting from subtracting all other deductible amounts from
20 the gross income of the business during the reporting period from
21 providing insurance services.

22 (3) For purposes of this section, "insurance services" means:

23 (a) Representing and performing services for fire or casualty
24 insurance companies as an independent resident managing general agent
25 licensed under the provisions of chapter 48.17 RCW; or

26 (b) The licensed activities of insurance producers or title
27 insurance agents licensed under chapter 48.17 RCW or surplus line
28 brokers licensed under chapter 48.15 RCW.

29 (4) The deduction in this section may only be claimed on a return
30 filed electronically using the department's online tax filing service.

31 NEW SECTION. **Sec. 433.** A new section is added to chapter 82.04
32 RCW to read as follows:

33 (1)(a) In computing the tax imposed under RCW 82.04.240 on
34 qualifying manufacturing activities, a person is entitled to a
35 deduction as determined in (b) of this subsection (1).

1 (b) The amount of the deduction under this subsection is determined
2 by multiplying 0.71488 by:

3 (i) The value of the eligible product manufactured by the person
4 during the reporting period; or

5 (ii) If the person is entitled to one or more deductions under any
6 other statute in this chapter in computing the tax imposed under RCW
7 82.04.240 on qualifying manufacturing, the difference resulting from
8 subtracting all other deductible amounts from the value of the eligible
9 products manufactured by the person during the reporting period.

10 (2) In computing the tax imposed under RCW 82.04.250 on the
11 business of making qualifying retail sales, a person is entitled to a
12 deduction as determined in (b) of this subsection (2).

13 (a) The amount of the deduction under this subsection (2) is
14 determined by multiplying 0.70701 by:

15 (i) The gross proceeds of sales for qualifying retail sales by the
16 person during the reporting period; or

17 (ii) If the person is entitled to one or more deductions under any
18 other statute in this chapter in computing the tax imposed under RCW
19 82.04.250 on the business of making qualifying retail sales, the
20 difference resulting from subtracting all other deductible amounts from
21 the gross proceeds of sales for qualifying retail sales by the person
22 during the reporting period.

23 (b) Persons claiming a deduction under this subsection (2) must
24 keep and preserve records for the period required by RCW 82.32.070
25 establishing that the qualifying retail sales were for eligible
26 products that were transported by the purchaser in the ordinary course
27 of business out of this state.

28 (3) In computing the tax imposed under RCW 82.04.270 on the
29 business of making qualifying wholesale sales, a person is entitled to
30 a deduction as determined in (b) of this subsection (3).

31 (a) The amount of the deduction under this subsection (3) is
32 determined by multiplying 0.71488 by:

33 (i) The gross proceeds of sales for qualifying wholesale sales by
34 the person during the reporting period; or

35 (ii) If the person is entitled to one or more deductions under any
36 other statute in this chapter in computing the tax imposed under RCW
37 82.04.270 on the business of making qualifying wholesale sales, the

1 difference resulting from subtracting all other deductible amounts from
2 the gross proceeds of sales for qualifying wholesale sales by the
3 person during the reporting period.

4 (b) Persons claiming a deduction under this subsection (3) must
5 keep and preserve records for the period required by RCW 82.32.070
6 establishing that the qualifying wholesale sales were for eligible
7 products transported by the purchaser in the ordinary course of
8 business out of this state.

9 (4) The definitions in this subsection apply throughout this
10 section.

11 (a) "Eligible product" means:

12 (i) Seafood products that remain in a raw, raw frozen, or raw
13 salted state at the completion of the manufacturing;

14 (ii) Dairy products that as of September 20, 2001, are identified
15 in 21 C.F.R., chapter 1, parts 131, 133, and 135, including by-products
16 from the manufacturing process, such as whey and casein; and

17 (iii) Fruits and vegetables that have been manufactured by canning,
18 preserving, freezing, processing, or dehydrating fresh fruits or
19 vegetables.

20 (b) "Qualifying manufacturing" means manufacturing an eligible
21 product.

22 (c) "Qualifying retail sales" means retail sales of an eligible
23 product described in (a)(i) or (ii) of this subsection (4) by the
24 manufacturer of the product, but only when the product is delivered to
25 purchasers who transport the product out of this state in the ordinary
26 course of business.

27 (d) "Qualifying wholesale sales" means wholesale sales of any
28 eligible product described in (a) of this subsection (4) by the
29 manufacturer of the product, but only when the product is delivered to
30 purchasers who transport the product out of this state in the ordinary
31 course of business.

32 (5) The deduction in this section may only be claimed on a return
33 filed electronically using the department's online tax filing service.

34 NEW SECTION. **Sec. 434.** A new section is added to chapter 82.04
35 RCW to read as follows:

36 (1) In computing the tax imposed under RCW 82.04.285(2), a credit

1 is allowed for eligible persons. The credit equals the full amount of
2 tax otherwise due under RCW 82.04.285(2) for the reporting period.

3 (2) For purposes of this section, "eligible person" means a person
4 subject to tax under RCW 82.04.285 and whose gross income of the
5 business from the operation of contests of chance is less than fifty
6 thousand dollars in the tax year in which the credit under this section
7 is claimed.

8 **Sec. 435.** RCW 35.102.150 and 2011 c 174 s 201 are each amended to
9 read as follows:

10 Notwithstanding RCW 35.102.130, a city that imposes a business and
11 occupation tax must allocate a person's gross income from the
12 activities of printing, and of publishing newspapers, periodicals, or
13 magazines, to the principal place in this state from which the
14 taxpayer's business is directed or managed. As used in this section,
15 the activities of printing, and of publishing newspapers, periodicals,
16 or magazines are those activities to which the tax rates in RCW
17 82.04.260(~~((+13))~~) (3) and 82.04.280(1)(a) apply.

18 **Sec. 436.** RCW 48.14.080 and 2010 1st sp.s. c 23 s 520 are each
19 amended to read as follows:

20 (1) As to insurers, other than title insurers and taxpayers under
21 RCW 48.14.0201, the taxes imposed by this title are in lieu of all
22 other taxes, except as otherwise provided in this section.

23 (2) Subsection (1) of this section does not apply with respect to:

24 (a) Taxes on real and tangible personal property;

25 (b) Excise taxes on the sale, purchase, use, or possession of (i)
26 real property; (ii) tangible personal property; (iii) extended
27 warranties; (iv) services, including digital automated services as
28 defined in RCW 82.04.192; and (v) digital goods and digital codes as
29 those terms are defined in RCW 82.04.192; and

30 (c) The tax imposed in (~~(RCW 82.04.260(9), regarding)~~) chapter
31 82.04 RCW on public and nonprofit hospitals.

32 (3) For the purposes of this section, the term "taxes" includes
33 taxes imposed by the state or any county, city, town, municipal
34 corporation, quasi-municipal corporation, or other political
35 subdivision.

1 **Sec. 437.** RCW 82.04.051 and 1999 c 212 s 2 are each amended to
2 read as follows:

3 (1) As used in RCW 82.04.050, the term "services rendered in
4 respect to" means those services that are directly related to the
5 constructing, building, repairing, improving, and decorating of
6 buildings or other structures and that are performed by a person who is
7 responsible for the performance of the constructing, building,
8 repairing, improving, or decorating activity. The term does not
9 include services such as engineering, architectural, surveying,
10 flagging, accounting, legal, consulting, or administrative services
11 provided to the consumer of, or person responsible for performing, the
12 constructing, building, repairing, improving, or decorating services.

13 (2) A contract or agreement under which a person is responsible for
14 both services that would otherwise be subject to tax as a service under
15 RCW 82.04.290(~~(+2)~~) and also constructing, building, repairing,
16 improving, or decorating activities that would otherwise be subject to
17 tax under another section of this chapter is subject to the tax that
18 applies to the predominant activity under the contract or agreement.

19 (3) Unless otherwise provided by law, a contract or agreement under
20 which a person is responsible for activities that are subject to tax as
21 a service under RCW 82.04.290(~~(+2)~~), and a subsequent contract or
22 agreement under which the same person is responsible for constructing,
23 building, repairing, improving, or decorating activities subject to tax
24 under another section of this chapter, (~~shall~~) may not be combined
25 and taxed as a single activity if at the time of the first contract or
26 agreement it was not contemplated by the parties, as evidenced by the
27 facts, that the same person would be awarded both contracts.

28 (4) As used in this section "responsible for the performance" means
29 that the person is obligated to perform the activities, either
30 personally or through a third party. A person who reviews work for a
31 consumer, retailer, or wholesaler but does not supervise or direct the
32 work is not responsible for the performance of the work. A person who
33 is financially obligated for the work, such as a bank, but who does not
34 have control over the work itself is not responsible for the
35 performance of the work.

36 **Sec. 438.** RCW 82.04.257 and 2010 c 111 s 301 are each amended to
37 read as follows:

1 (1) Except as provided in subsection (2) of this section, upon
2 every person engaging within this state in the business of making sales
3 at retail or wholesale of digital goods, digital codes, digital
4 automated services, or services described in RCW 82.04.050 (2)(g) or
5 (6)(b), as to such persons, the amount of tax with respect to such
6 business is equal to the gross proceeds of sales of the business,
7 multiplied by the rate of 0.471 percent in the case of retail sales and
8 by the rate of 0.484 percent in the case of wholesale sales.

9 (2) Persons providing subscription television services or
10 subscription radio services are subject to tax under RCW
11 82.04.290(~~(+2)~~) on the gross income of the business received from
12 providing such services.

13 (3) For purposes of this section, a person is considered to be
14 engaging within this state in the business of making sales of digital
15 goods, digital codes, digital automated services, or services described
16 in RCW 82.04.050 (2)(g) or (6)(b), if the person makes sales of digital
17 goods, digital codes, digital automated services, or services described
18 in RCW 82.04.050 (2)(g) or (6)(b) and the sales are sourced to this
19 state under RCW 82.32.730 for sales tax purposes or would have been
20 sourced to this state under RCW 82.32.730 if the sale had been taxable
21 under chapter 82.08 RCW.

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

24 **Sec. 439.** RCW 82.04.261 and 2010 1st sp.s. c 23 s 510 are each
25 amended to read as follows:

26 (1) In addition to the taxes imposed under RCW 82.04.260(~~(+11)~~)
27 (2), a surcharge is imposed on those persons who are subject to any of
28 the taxes imposed under RCW 82.04.260(~~(+11)~~) (2). Except as otherwise
29 provided in this section, the surcharge is equal to 0.052 percent. The
30 surcharge is added to the rates provided in RCW 82.04.260(~~(+11)~~) (2)
31 (a), (b), (c), and (d). The surcharge and this section expire July 1,
32 2024.

33 (2) All receipts from the surcharge imposed under this section must
34 be deposited into the forest and fish support account created in RCW
35 76.09.405.

36 (3)(a) The surcharge imposed under this section is suspended if:

1 (i) Receipts from the surcharge total at least eight million
2 dollars during any fiscal biennium; or

3 (ii) The office of financial management certifies to the department
4 that the federal government has appropriated at least two million
5 dollars for participation in forest and fish report-related activities
6 by federally recognized Indian tribes located within the geographical
7 boundaries of the state of Washington for any federal fiscal year.

8 (b)(i) The suspension of the surcharge under (a)(i) of this
9 subsection (3) takes effect on the first day of the calendar month that
10 is at least thirty days after the end of the month during which the
11 department determines that receipts from the surcharge total at least
12 eight million dollars during the fiscal biennium. The surcharge is
13 imposed again at the beginning of the following fiscal biennium.

14 (ii) The suspension of the surcharge under (a)(ii) of this
15 subsection (3) takes effect on the later of the first day of October of
16 any federal fiscal year for which the federal government appropriates
17 at least two million dollars for participation in forest and fish
18 report-related activities by federally recognized Indian tribes located
19 within the geographical boundaries of the state of Washington, or the
20 first day of a calendar month that is at least thirty days following
21 the date that the office of financial management makes a certification
22 to the department under subsection (5) of this section. The surcharge
23 is imposed again on the first day of the following July.

24 (4)(a) If, by October 1st of any federal fiscal year, the office of
25 financial management certifies to the department that the federal
26 government has appropriated funds for participation in forest and fish
27 report-related activities by federally recognized Indian tribes located
28 within the geographical boundaries of the state of Washington but the
29 amount of the appropriation is less than two million dollars, the
30 department must adjust the surcharge in accordance with this
31 subsection.

32 (b) The department must adjust the surcharge by an amount that the
33 department estimates will cause the amount of funds deposited into the
34 forest and fish support account for the state fiscal year that begins
35 July 1st and that includes the beginning of the federal fiscal year for
36 which the federal appropriation is made, to be reduced by twice the
37 amount of the federal appropriation for participation in forest and

1 fish report-related activities by federally recognized Indian tribes
2 located within the geographical boundaries of the state of Washington.

3 (c) Any adjustment in the surcharge takes effect at the beginning
4 of a calendar month that is at least thirty days after the date that
5 the office of financial management makes the certification under
6 subsection (5) of this section.

7 (d) The surcharge is imposed again at the rate provided in
8 subsection (1) of this section on the first day of the following state
9 fiscal year unless the surcharge is suspended under subsection (3) of
10 this section or adjusted for that fiscal year under this subsection.

11 (e) Adjustments of the amount of the surcharge by the department
12 are final and may not be used to challenge the validity of the
13 surcharge imposed under this section.

14 (f) The department must provide timely notice to affected taxpayers
15 of the suspension of the surcharge or an adjustment of the surcharge.

16 (5) The office of financial management must make the certification
17 to the department as to the status of federal appropriations for tribal
18 participation in forest and fish report-related activities.

19 **Sec. 440.** RCW 82.04.270 and 2004 c 24 s 5 are each amended to read
20 as follows:

21 Upon every person engaging within this state in the business of
22 making sales at wholesale, except persons taxable (~~as wholesalers~~)
23 under other provisions of this chapter on the business of making sales
24 at wholesale; as to such persons the amount of tax with respect to such
25 business (~~shall be~~) is equal to the gross proceeds of sales of such
26 business multiplied by the rate of 0.484 percent.

27 **Sec. 441.** RCW 82.04.29001 and 2003 c 168 s 602 are each amended to
28 read as follows:

29 (1) The creation and distribution of custom software is a service
30 taxable under RCW 82.04.290(~~(+2)~~). Duplication of the software for
31 the same person, or by the same person for its own use, does not change
32 the character of the software.

33 (2) The customization of prewritten computer software is a service
34 taxable under RCW 82.04.290(~~(+2)~~).

1 **Sec. 442.** RCW 82.04.29002 and 2010 1st sp.s. c 23 s 1101 are each
2 amended to read as follows:

3 (1) Beginning May 1, 2010, through June 30, 2013, an additional
4 rate of tax of 0.30 percent is added to the rate provided for in RCW
5 (~~(82.04.255,)~~) 82.04.285(~~(,)~~) and 82.04.290(~~((2)(a))~~).

6 (2)(~~(a)~~) The additional rate in subsection (1) of this section
7 does not apply to:

8 (a) Persons engaging within this state in business as a hospital.
9 "Hospital" has the meaning provided in chapter 70.41 RCW but also
10 includes any hospital that comes within the scope of chapter 71.12 RCW
11 if the hospital is also licensed under chapter 70.41 RCW(~~(,)~~);

12 (b) (~~The additional rate in subsection (1) of this section does~~
13 ~~not apply to~~) Amounts received from performing scientific research and
14 development services including but not limited to aerospace product
15 development, as defined in RCW 82.04.4461, performed for others, and
16 research and development in the physical, engineering, and life
17 sciences (such as agriculture, bacteriological, biotechnology,
18 chemical, life sciences, and physical science research and development
19 laboratories or services);

20 (c) Amounts received by nonprofit corporations or nonprofit
21 associations engaging in the business of conducting research and
22 development for compensation;

23 (d) Amounts received from inspecting, testing, labeling, and
24 storing canned salmon owned by another person;

25 (e) Amounts received from providing eligible chemical dependency
26 treatment services as defined in section 419 of this act;

27 (f) Amounts received from providing qualifying travel or
28 transportation-related activities as defined in section 422 of this
29 act;

30 (g) Amounts received from operating a qualifying warehouse as
31 defined in section 426 of this act;

32 (h) Amounts received from providing international investment
33 management services;

34 (i) Amounts received by boarding homes licensed under chapter 18.20
35 RCW for providing boarding home services as defined in section 429 of
36 this act;

37 (j) Amounts received from providing child day care as defined in
38 section 431 of this act;

1 (k) Amounts received from providing insurance services as defined
2 in section 432 of this act; and

3 (l) Gross income from royalties as defined in section 430 of this
4 act.

5 **Sec. 443.** RCW 82.04.293 and 1997 c 7 s 3 are each amended to read
6 as follows:

7 For purposes of (~~RCW 82.04.290~~) this chapter:

8 (1) A person is engaged in the business of providing international
9 investment management services, if:

10 (a) Such person is engaged primarily in the business of providing
11 investment management services; and

12 (b) At least ten percent of the gross income of such person is
13 derived from providing investment management services to any of the
14 following: (i) Persons or collective investment funds residing outside
15 the United States; or (ii) persons or collective investment funds with
16 at least ten percent of their investments located outside the United
17 States.

18 (2) "Investment management services" means investment research,
19 investment consulting, portfolio management, fund administration, fund
20 distribution, investment transactions, or related investment services.

21 (3) "Collective investment fund" includes:

22 (a) A mutual fund or other regulated investment company, as defined
23 in section 851(a) of the internal revenue code of 1986, as amended;

24 (b) An "investment company," as that term is used in section 3(a)
25 of the investment company act of 1940, as well as any entity that would
26 be an investment company for this purpose but for the exemptions
27 contained in section 3(c)(1) or (11);

28 (c) An "employee benefit plan," which includes any plan, trust,
29 commingled employee benefit trust, or custodial arrangement that is
30 subject to the employee retirement income security act of 1974, as
31 amended, 29 U.S.C. Sec. 1001 et seq., or that is described in sections
32 125, 401, 403, 408, 457, and 501(c)(9) and (17) through (23) of the
33 internal revenue code of 1986, as amended, or a similar plan maintained
34 by a state or local government, or a plan, trust, or custodial
35 arrangement established to self-insure benefits required by federal,
36 state, or local law;

1 (d) A fund maintained by a tax-exempt organization, as defined in
2 section 501(c)(3) of the internal revenue code of 1986, as amended, for
3 operating, quasi-endowment, or endowment purposes;

4 (e) Funds that are established for the benefit of such tax-exempt
5 organizations, such as charitable remainder trusts, charitable lead
6 trusts, charitable annuity trusts, or other similar trusts; or

7 (f) Collective investment funds similar to those described in (a)
8 through (e) of this subsection created under the laws of a foreign
9 jurisdiction.

10 (4) Investments are located outside the United States if the
11 underlying assets in which the investment constitutes a beneficial
12 interest reside or are created, issued or held outside the United
13 States.

14 **Sec. 444.** RCW 82.04.297 and 2010 c 111 s 303 are each amended to
15 read as follows:

16 (1) The provision of internet access is subject to tax under RCW
17 82.04.290(~~(+2)~~).

18 (2)(a) Except as provided in (b) of this subsection, "internet" and
19 "internet access" have the same meaning as those terms are defined in
20 the federal internet tax freedom act, Title 47 U.S.C. Sec. 151 note, as
21 existing on July 1, 2009.

22 (b) "Internet access" does not include telecommunications service
23 purchased, used, or sold by a person that provides a service that
24 enables users to connect to the internet to access content,
25 information, or other services offered over the internet, to the extent
26 such telecommunications service is purchased, used, or sold: (i) To
27 provide such service; or (ii) to otherwise enable users to access
28 content, information, or other services offered over the internet.

29 (3) Unless the context clearly requires otherwise, the definitions
30 in this section apply throughout this chapter.

31 **Sec. 445.** RCW 82.04.298 and 2011 c 2 s 204 (Initiative Measure No.
32 1107) are each amended to read as follows:

33 (1) The amount of tax with respect to a qualified grocery
34 distribution cooperative's sales of groceries or related goods for
35 resale, excluding (~~items subject to tax under RCW 82.04.260(4)~~)
36 qualifying meat products, to customer-owners of the grocery

1 distribution cooperative is equal to the gross proceeds of sales of the
2 grocery distribution cooperative multiplied by the rate of one and
3 one-half percent.

4 (2) A qualified grocery distribution cooperative is allowed a
5 deduction from the gross proceeds of sales of groceries or related
6 goods for resale, excluding (~~items subject to tax under RCW~~
7 ~~82.04.260(4))~~) qualifying meat products, to customer-owners of the
8 grocery distribution cooperative that is equal to the portion of the
9 gross proceeds of sales for resale that represents the actual cost of
10 the merchandise sold by the grocery distribution cooperative to
11 customer-owners.

12 (3) The definitions in this subsection apply throughout this
13 section unless the context clearly requires otherwise.

14 (a) "Grocery distribution cooperative" means an entity that sells
15 groceries and related items to customer-owners of the grocery
16 distribution cooperative and has customer-owners, in the aggregate, who
17 own a majority of the outstanding ownership interests of the grocery
18 distribution cooperative or of the entity controlling the grocery
19 distribution cooperative. "Grocery distribution cooperative" includes
20 an entity that controls a grocery distribution cooperative.

21 (b) "Qualified grocery distribution cooperative" means:

22 (i) A grocery distribution cooperative that has been determined by
23 a court of record of the state of Washington to be not engaged in
24 wholesaling or making sales at wholesale, within the meaning of RCW
25 82.04.270 or any similar provision of a municipal ordinance that
26 imposes a tax on gross receipts, gross proceeds of sales, or gross
27 income, with respect to purchases made by customer-owners, and
28 subsequently changes its form of doing business to make sales at
29 wholesale of groceries or related items to its customer-owners; or

30 (ii) A grocery distribution cooperative that has acquired
31 substantially all of the assets of a grocery distribution cooperative
32 described in (b)(i) of this subsection.

33 (c) "Customer-owner" means a person who has an ownership interest
34 in a grocery distribution cooperative and purchases groceries and
35 related items at wholesale from that grocery distribution cooperative.

36 (d) "Controlling" means holding fifty percent or more of the voting
37 interests of an entity and having at least equal power to direct or

1 cause the direction of the management and policies of the entity,
2 whether through the ownership of voting securities, by contract, or
3 otherwise.

4 (e) "Qualifying meat product" has the same meaning as provided in
5 section 428 of this act.

6 **Sec. 446.** RCW 82.04.334 and 2010 1st sp.s. c 23 s 512 are each
7 amended to read as follows:

8 This chapter does not apply to any sale of standing timber excluded
9 from the definition of "sale" in RCW 82.45.010(3). The definitions in
10 RCW 82.04.260(~~(+11)~~) (2) apply to this section.

11 **Sec. 447.** RCW 82.04.360 and 2010 1st sp.s. c 23 s 702 are each
12 amended to read as follows:

13 (1) This chapter does not apply to any person in respect to his or
14 her employment in the capacity of an employee or servant as
15 distinguished from that of an independent contractor. For the purposes
16 of this section, the definition of employee includes those persons that
17 are defined in section 3121(d)(3)(B) of the federal internal revenue
18 code of 1986, as amended through January 1, 1991.

19 (2) Until July 1, 2010, this chapter does not apply to amounts
20 received by an individual from a corporation as compensation for
21 serving as a member of that corporation's board of directors.
22 Beginning on July 1, 2010, such amounts are taxable under RCW
23 82.04.290(~~(+2)~~).

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

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

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

32 **Sec. 448.** RCW 82.04.440 and 2011 c 2 s 205 (Initiative Measure No.
33 1107) are each amended to read as follows:

34 (1) Every person engaged in activities that are subject to tax

1 under two or more provisions of RCW 82.04.230 through 82.04.298,
2 inclusive, is taxable under each provision applicable to those
3 activities.

4 (2) Persons taxable under RCW (~~(82.04.2909(2),~~) 82.04.250,
5 82.04.270, (~~(82.04.294(2),~~) or 82.04.260 (1)(~~(b), (c), or (d), (4),~~
6 ~~(11), or (12)~~) or (2)(c) with respect to selling products in this
7 state, including those persons who are also taxable under RCW
8 82.04.261, are allowed a credit against those taxes for any (a)
9 manufacturing taxes paid with respect to the manufacturing of products
10 so sold in this state, and/or (b) extracting taxes paid with respect to
11 the extracting of products so sold in this state or ingredients of
12 products so sold in this state. Extracting taxes taken as credit under
13 subsection (3) of this section may also be taken under this subsection,
14 if otherwise allowable under this subsection. The amount of the credit
15 may not exceed the tax liability arising under this chapter with
16 respect to the sale of those products.

17 (3) Persons taxable as manufacturers under RCW 82.04.240 or
18 82.04.260 (~~((1)(b) or (12))~~) (2), including those persons who are also
19 taxable under RCW 82.04.261, are allowed a credit against those taxes
20 for any extracting taxes paid with respect to extracting the
21 ingredients of the products so manufactured in this state. The amount
22 of the credit may not exceed the tax liability arising under this
23 chapter with respect to the manufacturing of those products.

24 (4) Persons taxable under RCW 82.04.230, 82.04.240,
25 (~~(82.04.2909(1), 82.04.294(1), 82.04.2404,~~) or 82.04.260 (1)(~~(2),~~
26 ~~(4), (11), or (12)~~) or (2), including those persons who are also
27 taxable under RCW 82.04.261, with respect to extracting or
28 manufacturing products in this state are allowed a credit against those
29 taxes for any (i) gross receipts taxes paid to another state with
30 respect to the sales of the products so extracted or manufactured in
31 this state, (ii) manufacturing taxes paid with respect to the
32 manufacturing of products using ingredients so extracted in this state,
33 or (iii) manufacturing taxes paid with respect to manufacturing
34 activities completed in another state for products so manufactured in
35 this state. The amount of the credit may not exceed the tax liability
36 arising under this chapter with respect to the extraction or
37 manufacturing of those products.

38 (5) For the purpose of this section:

1 (a) "Gross receipts tax" means a tax:

2 (i) Which is imposed on or measured by the gross volume of
3 business, in terms of gross receipts or in other terms, and in the
4 determination of which the deductions allowed would not constitute the
5 tax an income tax or value added tax; and

6 (ii) Which is also not, pursuant to law or custom, separately
7 stated from the sales price.

8 (b) "State" means (i) the state of Washington, (ii) a state of the
9 United States other than Washington, or any political subdivision of
10 such other state, (iii) the District of Columbia, and (iv) any foreign
11 country or political subdivision thereof.

12 (c) "Manufacturing tax" means a gross receipts tax imposed on the
13 act or privilege of engaging in business as a manufacturer, and
14 includes (i) the taxes imposed on persons who are engaged in business
15 as a manufacturer in RCW 82.04.240(~~(, 82.04.2404, 82.04.2909(1),)~~) and
16 82.04.260 (1)(~~(, (2), (4), (11), and (12), and 82.04.294(1))~~) or (2);
17 (ii) the tax imposed under RCW 82.04.261 on persons who are engaged in
18 business as a manufacturer; and (iii) similar gross receipts taxes paid
19 to other states.

20 (d) "Extracting tax" means a gross receipts tax imposed on the act
21 or privilege of engaging in business as an extractor, and includes (i)
22 the tax imposed on extractors in RCW 82.04.230 and 82.04.260(~~(+12)~~)
23 (2); (ii) the tax imposed under RCW 82.04.261 on persons who are
24 engaged in business as an extractor; and (iii) similar gross receipts
25 taxes paid to other states.

26 (e) "Business", "manufacturer", "extractor", and other terms used
27 in this section have the meanings given in RCW 82.04.020 through
28 (~~(82.04.212 [82.04.217])~~) 82.04.217, notwithstanding the use of those
29 terms in the context of describing taxes imposed by other states.

30 **Sec. 449.** RCW 82.04.4451 and 2010 1st sp.s. c 23 s 1102 are each
31 amended to read as follows:

32 (1) In computing the tax imposed under this chapter, a credit is
33 allowed against the amount of tax otherwise due under this chapter, as
34 provided in this section. Except for taxpayers that report at least
35 fifty percent of their taxable amount under RCW (~~(82.04.255,)~~)
36 82.04.290(~~(+2)(a),~~) and 82.04.285, the maximum credit for a taxpayer
37 for a reporting period is thirty-five dollars multiplied by the number

1 of months in the reporting period, as determined under RCW 82.32.045.
2 For a taxpayer that reports at least fifty percent of its taxable
3 amount under RCW (~~(82.04.255,)~~) 82.04.290(~~((2)(a),)~~) and 82.04.285, the
4 maximum credit for a reporting period is seventy dollars multiplied by
5 the number of months in the reporting period, as determined under RCW
6 82.32.045.

7 (2) When the amount of tax otherwise due under this chapter is
8 equal to or less than the maximum credit, a credit is allowed equal to
9 the amount of tax otherwise due under this chapter.

10 (3) When the amount of tax otherwise due under this chapter exceeds
11 the maximum credit, a reduced credit is allowed equal to twice the
12 maximum credit, minus the tax otherwise due under this chapter, but not
13 less than zero.

14 (4) The department may prepare a tax credit table consisting of tax
15 ranges using increments of no more than five dollars and a
16 corresponding tax credit to be applied to those tax ranges. The table
17 (~~(shall)~~) must be prepared in such a manner that no taxpayer will owe
18 a greater amount of tax by using the table than would be owed by
19 performing the calculation under subsections (1) through (3) of this
20 section. A table prepared by the department under this subsection must
21 be used by all taxpayers in taking the credit provided in this section.

22 **Sec. 450.** RCW 82.04.44525 and 2009 c 535 s 1104 are each amended
23 to read as follows:

24 (1) Subject to the limits in this section, an eligible person is
25 allowed a credit against the tax due under this chapter. The credit is
26 based on qualified employment positions in eligible areas. The credit
27 is available to persons who are engaged in international services as
28 defined in this section. In order to receive the credit, the
29 international service activities must take place at a business within
30 the eligible area.

31 (2)(a) The credit (~~(shall)~~) equals three thousand dollars for each
32 qualified employment position created after July 1, 1998, in an
33 eligible area. A credit is earned for the calendar year the person is
34 hired to fill the position, plus the four subsequent consecutive years,
35 if the position is maintained for those four years.

36 (b) Credit may not be taken for hiring of persons into positions
37 that exist on July 1, 1998. Credit is authorized for new employees

1 hired for new positions created after July 1, 1998. New positions
2 filled by existing employees are eligible for the credit under this
3 section only if the position vacated by the existing employee is filled
4 by a new hire.

5 (c) When a position is newly created, if it is filled before July
6 1st, this position is eligible for the full yearly credit. If it is
7 filled after June 30th, this position is eligible for half of the
8 credit.

9 (d) Credit may be accrued and carried over until it is used. No
10 refunds may be granted for credits under this section.

11 (3) For the purposes of this section:

12 (a) "Eligible area" means: (i) A community empowerment zone under
13 RCW 43.31C.020; or (ii) a contiguous group of census tracts that meets
14 the unemployment and poverty criteria of RCW 43.31C.030 and is
15 designated under subsection (4) of this section;

16 (b) "Eligible person" means a person, as defined in RCW 82.04.030,
17 who in an eligible area at a specific location is engaged in the
18 business of providing international services;

19 (c)(i) "International services" means the provision of a service,
20 as defined under (c)(iii) of this subsection, that is subject to tax
21 under RCW 82.04.290 (~~((2) or (3))~~), and either:

22 (A) Is for a person domiciled outside the United States; or

23 (B) The service itself is for use primarily outside of the United
24 States.

25 (ii) "International services" excludes (~~(any service taxable under~~
26 ~~RCW 82.04.290(1))~~) international investment management services.

27 (iii) Eligible services are: Computer; data processing;
28 information; legal; accounting and tax preparation; engineering;
29 architectural; business consulting; business management; public
30 relations and advertising; surveying; geological consulting; real
31 estate appraisal; or financial services. For the purposes of this
32 section these services mean the following:

33 (A) "Computer services" are services such as computer programming,
34 custom software modification, customization of canned software, custom
35 software installation, custom software maintenance, custom software
36 repair, training in the use of software, computer systems design, and
37 custom software update services;

1 (B) "Data processing services" are services such as word
2 processing, data entry, data retrieval, data search, information
3 compilation, payroll processing, business accounts processing, data
4 production, and other computerized data and information storage or
5 manipulation. "Data processing services" also includes the use of a
6 computer or computer time for data processing whether the processing is
7 performed by the provider of the computer or by the purchaser or other
8 beneficiary of the service;

9 (C) "Information services" are services such as electronic data
10 retrieval or research that entails furnishing financial or legal
11 information, data or research, internet access as defined in RCW
12 82.04.297, general or specialized news, or current information;

13 (D) "Legal services" are services such as representation by an
14 attorney, or other person when permitted, in an administrative or legal
15 proceeding, legal drafting, paralegal services, legal research
16 services, and court reporting services, arbitration, and mediation
17 services;

18 (E) "Accounting and tax preparation services" are services such as
19 accounting, auditing, actuarial, bookkeeping, or tax preparation
20 services;

21 (F) "Engineering services" are services such as civil, electrical,
22 mechanical, petroleum, marine, nuclear, and design engineering, machine
23 designing, machine tool designing, and sewage disposal system designing
24 services;

25 (G) "Architectural services" are services such as structural or
26 landscape design or architecture, interior design, building design,
27 building program management, and space planning services;

28 (H) "Business consulting services" are services such as primarily
29 providing operating counsel, advice, or assistance to the management or
30 owner of any business, private, nonprofit, or public organization,
31 including but not limited to those in the following areas:
32 Administrative management consulting; general management consulting;
33 human resource consulting or training; management engineering
34 consulting; management information systems consulting; manufacturing
35 management consulting; marketing consulting; operations research
36 consulting; personnel management consulting; physical distribution
37 consulting; site location consulting; economic consulting; motel,

1 hotel, and resort consulting; restaurant consulting; government affairs
2 consulting; and lobbying;

3 (I) "Business management services" are services such as
4 administrative management, business management, and office management.
5 "Business management services" does not include property management or
6 property leasing, motel, hotel, and resort management, or automobile
7 parking management;

8 (J) "Public relations and advertising services" are services such
9 as layout, art direction, graphic design, copy writing, mechanical
10 preparation, opinion research, marketing research, marketing, or
11 production supervision;

12 (K) "Surveying services" are services such as land surveying;

13 (L) "Geological consulting services" are services rendered for the
14 oil, gas, and mining industry and other earth resource industries, and
15 other services such as soil testing;

16 (M) "Real estate appraisal services" are services such as market
17 appraisal and other real estate valuation; and

18 (N) "Financial services" are services such as banking, loan,
19 security, investment management, investment advisory, mortgage
20 servicing, contract collection, and finance leasing services, engaged
21 in by financial businesses, or businesses similar to or in competition
22 with financial businesses; and

23 (d) "Qualified employment position" means a permanent full-time
24 position to provide international services. If an employee is either
25 voluntarily or involuntarily separated from employment, the employment
26 position is considered filled on a full-time basis if the employer is
27 either training or actively recruiting a replacement employee.

28 (4) By ordinance, the legislative authority of a city, or
29 legislative authorities of contiguous cities by ordinance of each
30 city's legislative authority, with population greater than eighty
31 thousand, located in a county containing no community empowerment zones
32 as designated under RCW 43.31C.020, may designate a contiguous group of
33 census tracts within the city or cities as an eligible area under this
34 section. Each of the census tracts must meet the unemployment and
35 poverty criteria of RCW 43.31C.030. Upon making the designation, the
36 city or cities (~~shall~~) must transmit to the department of revenue a
37 certification letter and a map, each explicitly describing the

1 boundaries of the census tract. This designation must be made by
2 December 31, 1998.

3 (5) No application is necessary for the tax credit. The person
4 must keep records necessary for the department to verify eligibility
5 under this section. This information includes:

6 (a) Employment records for the previous six years;

7 (b) Information relating to description of international service
8 activity engaged in at the eligible location by the person; and

9 (c) Information relating to customers of international service
10 activity engaged in at that location by the person.

11 (6) If at any time the department finds that a person is not
12 eligible for tax credit under this section, the amount of taxes for
13 which a credit has been used (~~shall be~~) is immediately due. The
14 department (~~shall~~) must assess interest, but not penalties, on the
15 credited taxes for which the person is not eligible. The interest
16 (~~shall be~~) is assessed at the rate provided for delinquent excise
17 taxes under chapter 82.32 RCW, (~~shall be~~) is assessed retroactively
18 to the date the tax credit was taken, and (~~shall~~) accrues until the
19 taxes for which a credit has been used are repaid.

20 (7) The employment security department (~~shall~~) must provide to
21 the department of revenue such information needed by the department of
22 revenue to verify eligibility under this section.

23 **Sec. 451.** RCW 82.04.4463 and 2010 1st sp.s. c 23 s 515 are each
24 amended to read as follows:

25 (1) In computing the tax imposed under this chapter, a credit is
26 allowed for property taxes and leasehold excise taxes paid during the
27 calendar year.

28 (2) The credit is equal to:

29 (a)(i)(A) Property taxes paid on buildings, and land upon which the
30 buildings are located, constructed after December 1, 2003, and used
31 exclusively in manufacturing commercial airplanes or components of such
32 airplanes; and

33 (B) Leasehold excise taxes paid with respect to buildings
34 constructed after January 1, 2006, the land upon which the buildings
35 are located, or both, if the buildings are used exclusively in
36 manufacturing commercial airplanes or components of such airplanes; and

1 (C) Property taxes or leasehold excise taxes paid on, or with
2 respect to, buildings constructed after June 30, 2008, the land upon
3 which the buildings are located, or both, and used exclusively for
4 aerospace product development, manufacturing tooling specifically
5 designed for use in manufacturing commercial airplanes or their
6 components, or in providing aerospace services, by persons not within
7 the scope of (a)(i)(A) and (B) of this subsection (2) and are taxable
8 under RCW ~~((82.04.290(3),))~~ 82.04.260(~~(+10)~~) (1)(b)(~~(7)~~) or
9 ~~((82.04.250(3)))~~ are eligible for a deduction under section 423 or 425
10 of this act; or

11 (ii) Property taxes attributable to an increase in assessed value
12 due to the renovation or expansion, after: (A) December 1, 2003, of a
13 building used exclusively in manufacturing commercial airplanes or
14 components of such airplanes; and (B) June 30, 2008, of buildings used
15 exclusively for aerospace product development, manufacturing tooling
16 specifically designed for use in manufacturing commercial airplanes or
17 their components, or in providing aerospace services, by persons not
18 within the scope of (a)(ii)(A) of this subsection (2) and are taxable
19 under RCW ~~((82.04.290(3),))~~ 82.04.260(~~(+10)~~) (1)(b)(~~(7)~~ or
20 82.04.250(3)) or are eligible for a deduction under section 423 or 425
21 of this act; and

22 (b) An amount equal to:

23 (i)(A) Property taxes paid, by persons taxable under RCW
24 82.04.260(~~(+10)~~) (1)(a), on machinery and equipment exempt under RCW
25 82.08.02565 or 82.12.02565 and acquired after December 1, 2003;

26 (B) Property taxes paid, by persons taxable under RCW
27 82.04.260(~~(+10)~~) (1)(b), on machinery and equipment exempt under RCW
28 82.08.02565 or 82.12.02565 and acquired after June 30, 2008; or

29 (C) Property taxes paid, by persons ~~((taxable under RCW~~
30 ~~82.04.250(3) or 82.04.290(3)))~~ eligible for the deduction provided in
31 section 423 or 425 of this act, on computer hardware, computer
32 peripherals, and software exempt under RCW 82.08.975 or 82.12.975 and
33 acquired after June 30, 2008.

34 (ii) For purposes of determining the amount eligible for credit
35 under (i)(A) and (B) of this subsection (2)(b), the amount of property
36 taxes paid is multiplied by a fraction.

37 (A) The numerator of the fraction is the total taxable amount
38 subject to the tax imposed under RCW 82.04.260(~~(+10)~~) (1) (a) or (b)

1 on the applicable business activities of manufacturing commercial
2 airplanes, components of such airplanes, or tooling specifically
3 designed for use in the manufacturing of commercial airplanes or
4 components of such airplanes.

5 (B) The denominator of the fraction is the total taxable amount
6 subject to the tax imposed under all manufacturing classifications in
7 chapter 82.04 RCW.

8 (C) For purposes of both the numerator and denominator of the
9 fraction, the total taxable amount refers to the total taxable amount
10 required to be reported on the person's returns for the calendar year
11 before the calendar year in which the credit under this section is
12 earned. The department may provide for an alternative method for
13 calculating the numerator in cases where the tax rate provided in RCW
14 82.04.260(~~(+10)~~) (1) for manufacturing was not in effect during the
15 full calendar year before the calendar year in which the credit under
16 this section is earned.

17 (D) No credit is available under (b)(i)(A) or (B) of this
18 subsection (2) if either the numerator or the denominator of the
19 fraction is zero. If the fraction is greater than or equal to nine-
20 tenths, then the fraction is rounded to one.

21 (E) As used in (b)(ii)(C) of this subsection (2), "returns" means
22 the tax returns for which the tax imposed under this chapter is
23 reported to the department.

24 (3) The definitions in this subsection apply throughout this
25 section, unless the context clearly indicates otherwise.

26 (a) "Aerospace product development" has the same meaning as
27 provided in RCW 82.04.4461.

28 (b) "Aerospace services" has the same meaning given in RCW
29 82.08.975.

30 (c) "Commercial airplane" and "component" have the same meanings as
31 provided in RCW 82.32.550.

32 (4) A credit earned during one calendar year may be carried over to
33 be credited against taxes incurred in a subsequent calendar year, but
34 may not be carried over a second year. No refunds may be granted for
35 credits under this section.

36 (5) In addition to all other requirements under this title, a
37 person claiming the credit under this section must file a complete
38 annual report with the department under RCW 82.32.534.

1 (6) This section expires July 1, 2024.

2 **Sec. 452.** RCW 82.04.4483 and 2010 c 114 s 119 are each amended to
3 read as follows:

4 (1) Subject to the limits and provisions of this section, a credit
5 is authorized against the tax otherwise due under this chapter for
6 persons engaged in a rural county in the business of manufacturing
7 computer software or programming, as those terms are defined in this
8 section.

9 (2) A person who partially or totally relocates a business from one
10 rural county to another rural county is eligible for any new qualifying
11 employment positions created as a result of the relocation but is not
12 eligible to receive credit for the jobs moved from one county to the
13 other.

14 (3)(a) To qualify for the credit, the qualifying activity of the
15 person must be conducted in a rural county and the new qualified
16 employment position must be located in the rural county.

17 (b) If an activity is conducted both from a rural county and
18 outside of a rural county, the credit is available if at least ninety
19 percent of the qualifying activity is conducted within a rural county.
20 If the qualifying activity is a service taxable activity, the place
21 where the work is performed is the place at which the activity is
22 conducted.

23 (4)(a) The credit under this section (~~shall~~) equals one thousand
24 dollars for each new qualified employment position created after
25 January 1, 2004, in an eligible area. A credit is earned for the
26 calendar year the person is hired to fill the position. Additionally
27 a credit is earned for each year the position is maintained over the
28 subsequent consecutive years, up to four years. The county must meet
29 the definition of a rural county at the time the position is filled.
30 If the county does not have a rural county status the following year or
31 years, the position is still eligible for the remaining years if all
32 other conditions are met.

33 (b) Participants who claimed credit under RCW 82.04.4456 for
34 qualified employment positions created before December 31, 2003, are
35 eligible to earn credit for each year the position is maintained over
36 the subsequent consecutive years, for up to four years, which four
37 years include any years claimed under RCW 82.04.4456. Those persons

1 who did not receive a credit under RCW 82.04.4456 before December 31,
2 2003, are not eligible to earn credit for qualified employment
3 positions created before December 31, 2003.

4 (c) Credit is authorized for new employees hired for new qualified
5 employment positions created on or after January 1, 2004. New
6 qualified employment positions filled by existing employees are
7 eligible for the credit under this section only if the position vacated
8 by the existing employee is filled by a new hire. A business that is
9 a sole proprietorship without any employees is equivalent to one
10 employee position and this type of business is eligible to receive
11 credit for one position.

12 (d) If a position is filled before July 1st, the position is
13 eligible for the full yearly credit for that calendar year. If it is
14 filled after June 30th, the position is eligible for half of the credit
15 for that calendar year.

16 (5) No application is necessary for the tax credit. The person
17 must keep records necessary for the department to verify eligibility
18 under this section. This information includes information relating to
19 description of qualifying activity conducted in the rural county and
20 outside the rural county by the person as well as detailed records on
21 positions and employees.

22 (6) If at any time the department finds that a person is not
23 eligible for tax credit under this section, the amount of taxes for
24 which a credit has been claimed is immediately due. The department
25 must assess interest, but not penalties, on the taxes for which the
26 person is not eligible. The interest must be assessed at the rate
27 provided for delinquent excise taxes under chapter 82.32 RCW, applies
28 retroactively to the date the tax credit was taken, and accrues until
29 the taxes for which a credit has been used are repaid.

30 (7) The credit under this section may be used against any tax due
31 under this chapter, but in no case may a credit earned during one
32 calendar year be carried over to be credited against taxes incurred in
33 a subsequent calendar year. A person is not eligible to receive a
34 credit under this section if the person is receiving credit for the
35 same position under chapter 82.62 RCW or RCW 82.04.44525 or is taking
36 a credit under this chapter for information technology help desk
37 services conducted from a rural county. No refunds may be granted for
38 credits under this section.

1 (8) Transfer of ownership does not affect credit eligibility.
2 However, the successive credits are available to the successor for
3 remaining periods in the five years only if the eligibility conditions
4 of this section are met.

5 (9) A person claiming a tax credit under this section must file a
6 complete annual survey with the department under RCW 82.32.585.

7 (10) As used in this section:

8 (a) "Computer software" has the meaning as defined in RCW 82.04.215
9 after June 30, 2004, and includes "software" as defined in RCW
10 82.04.215 before July 1, 2004.

11 (b) "Manufacturing" means the same as "to manufacture" under RCW
12 82.04.120. Manufacturing includes the activities of both manufacturers
13 and processors for hire.

14 (c) "Programming" means the activities that involve the creation or
15 modification of computer software, as that term is defined in this
16 chapter, and that are taxable as a service under RCW 82.04.290((+2+))
17 or as a retail sale under RCW 82.04.050.

18 (d) "Qualifying activity" means manufacturing of computer software
19 or programming.

20 (e) "Qualified employment position" means a permanent full-time
21 position doing programming of computer software or manufacturing of
22 computer software. This excludes administrative, professional,
23 service, executive, and other similar positions. If an employee is
24 either voluntarily or involuntarily separated from employment, the
25 employment position is considered filled on a full-time basis if the
26 employer is either training or actively recruiting a replacement
27 employee. Full-time means a position for at least thirty-five hours a
28 week.

29 (f) "Rural county" means the same as in RCW 82.14.370.

30 (11) No credit may be taken or accrued under this section on or
31 after January 1, 2011.

32 **Sec. 453.** RCW 82.04.460 and 2011 c 174 s 203 are each amended to
33 read as follows:

34 (1) Except as otherwise provided in this section, any person
35 earning apportionable income taxable under this chapter and also
36 taxable in another state must, for the purpose of computing tax

1 liability under this chapter, apportion to this state, in accordance
2 with RCW 82.04.462, that portion of the person's apportionable income
3 derived from business activities performed within this state.

4 (2) The department must by rule provide a method of apportioning
5 the apportionable income of financial institutions, where such
6 apportionable income is taxable under RCW 82.04.290. The rule adopted
7 by the department must, to the extent feasible, be consistent with the
8 multistate tax commission's recommended formula for the apportionment
9 and allocation of net income of financial institutions as existing on
10 June 1, 2010, or such subsequent date as may be provided by the
11 department by rule, consistent with the purposes of this section,
12 except that:

13 (a) The department's rule must provide for a single factor
14 apportionment method based on the receipts factor; and

15 (b) The definition of "financial institution" contained in appendix
16 A to the multistate tax commission's recommended formula for the
17 apportionment and allocation of net income of financial institutions is
18 advisory only.

19 (3) The department may by rule provide a method or methods of
20 apportioning or allocating gross income derived from sales of
21 telecommunications service and competitive telephone service taxed
22 under this chapter, if the gross proceeds of sales subject to tax under
23 this chapter do not fairly represent the extent of the taxpayer's
24 income attributable to this state. The rule must provide for an
25 equitable and constitutionally permissible division of the tax base.

26 (4) For purposes of this section, the following definitions apply
27 unless the context clearly requires otherwise:

28 (a) "Apportionable income" means gross income of the business
29 generated from engaging in apportionable activities, including income
30 received from apportionable activities performed outside this state if
31 the income would be taxable under this chapter if received from
32 activities in this state, less the exemptions and deductions allowable
33 under this chapter. For purposes of this subsection, "apportionable
34 activities" means only those activities taxed under:

35 (i) (~~RCW 82.04.255;~~

36 ~~(ii) RCW 82.04.260 (3), (4), (5), (6), (7), (8), (9), and (12);~~

37 ~~(iii) RCW 82.04.280 (1)(e);~~

38 ~~(iv))~~ RCW 82.04.285;

1 (~~(v)~~) (ii) RCW 82.04.286;
2 (~~(vi)~~) (iii) RCW 82.04.290;
3 (~~(vii)~~ RCW 82.04.2907;
4 ~~(viii)~~ RCW 82.04.2908;
5 ~~(ix)~~) (iv) RCW 82.04.263, but only to the extent of any activity
6 that would be taxable under (~~any of the provisions enumerated under~~
7 ~~(a)(i) through (viii) of this subsection (4)~~) RCW 82.04.290 if the tax
8 classification in RCW 82.04.263 did not exist; and
9 (~~(x)~~) (v) RCW 82.04.260(~~(13)~~) (3) and 82.04.280(1)(a), but only
10 with respect to advertising.

11 (b)(i) "Taxable in another state" means that the taxpayer is
12 subject to a business activities tax by another state on its income
13 received from engaging in apportionable activities; or the taxpayer is
14 not subject to a business activities tax by another state on its income
15 received from engaging in apportionable activities, but any other state
16 has jurisdiction to subject the taxpayer to a business activities tax
17 on such income under the substantial nexus standards in RCW
18 82.04.067(1).

19 (ii) For purposes of this subsection (4)(b), "business activities
20 tax" and "state" have the same meaning as in RCW 82.04.462.

21 **Sec. 454.** RCW 82.04.540 and 2006 c 301 s 1 are each amended to
22 read as follows:

23 (1) The provision of professional employer services by a
24 professional employer organization is taxable under RCW
25 82.04.290(~~(2)~~).

26 (2) A professional employer organization is allowed a deduction
27 from the gross income of the business derived from performing
28 professional employer services that is equal to the portion of the fee
29 charged to a client that represents the actual cost of wages and
30 salaries, benefits, workers' compensation, payroll taxes, withholding,
31 or other assessments paid to or on behalf of a covered employee by the
32 professional employer organization under a professional employer
33 agreement.

34 (3) For the purposes of this section, the following definitions
35 apply:

36 (a) "Client" means any person who enters into a professional

1 employer agreement with a professional employer organization. For
2 purposes of this subsection (3)(a), "person" has the same meaning as
3 "buyer" in RCW 82.08.010.

4 (b) "Coemployer" means either a professional employer organization
5 or a client.

6 (c) "Coemployment relationship" means a relationship which is
7 intended to be an ongoing relationship rather than a temporary or
8 project-specific one, wherein the rights, duties, and obligations of an
9 employer which arise out of an employment relationship have been
10 allocated between coemployers pursuant to a professional employer
11 agreement and applicable state law. In such a coemployment
12 relationship:

13 (i) The professional employer organization is entitled to enforce
14 only such employer rights and is subject to only those obligations
15 specifically allocated to the professional employer organization by the
16 professional employer agreement or applicable state law;

17 (ii) The client is entitled to enforce those rights and obligated
18 to provide and perform those employer obligations allocated to such
19 client by the professional employer agreement and applicable state law;
20 and

21 (iii) The client is entitled to enforce any right and obligated to
22 perform any obligation of an employer not specifically allocated to the
23 professional employer organization by the professional employer
24 agreement or applicable state law.

25 (d) "Covered employee" means an individual having a coemployment
26 relationship with a professional employer organization and a client who
27 meets all of the following criteria: (i) The individual has received
28 written notice of coemployment with the professional employer
29 organization, and (ii) the individual's coemployment relationship is
30 pursuant to a professional employer agreement. Individuals who are
31 officers, directors, shareholders, partners, and managers of the client
32 are covered employees to the extent the professional employer
33 organization and the client have expressly agreed in the professional
34 employer agreement that such individuals would be covered employees and
35 provided such individuals meet the criteria of this subsection and act
36 as operational managers or perform day-to-day operational services for
37 the client.

1 (e) "Professional employer agreement" means a written contract by
2 and between a client and a professional employer organization that
3 provides:

4 (i) For the coemployment of covered employees; and

5 (ii) For the allocation of employer rights and obligations between
6 the client and the professional employer organization with respect to
7 the covered employees.

8 (f) "Professional employer organization" means any person engaged
9 in the business of providing professional employer services. The
10 following (~~shall~~) are not (~~be~~) deemed to be professional employer
11 organizations or the providing of professional employer services for
12 purposes of this section:

13 (i) Arrangements wherein a person, whose principal business
14 activity is not entering into professional employer arrangements and
15 which does not hold itself out as a professional employer organization,
16 shares employees with a commonly owned company within the meaning of
17 section 414(b) and (c) of the Internal Revenue Code of 1986, as
18 amended;

19 (ii) Independent contractor arrangements by which a person assumes
20 responsibility for the product produced or service performed by such
21 person or his or her agents and retains and exercises primary direction
22 and control over the work performed by the individuals whose services
23 are supplied under such arrangements; or

24 (iii) Providing staffing services.

25 (g) "Professional employer services" means the service of entering
26 into a coemployment relationship with a client in which all or a
27 majority of the employees providing services to a client or to a
28 division or work unit of a client are covered employees.

29 (h) "Staffing services" means services consisting of a person:

30 (i) Recruiting and hiring its own employees;

31 (ii) Finding other organizations that need the services of those
32 employees;

33 (iii) Assigning those employees on a temporary basis to perform
34 work at or services for the other organizations to support or
35 supplement the other organizations' workforces, or to provide
36 assistance in special work situations such as, but not limited to,
37 employee absences, skill shortages, seasonal workloads, or to perform

1 special assignments or projects, all under the direction and
2 supervision of the customer; and

3 (iv) Customarily attempting to reassign the employees to other
4 organizations when they finish each assignment.

5 **Sec. 455.** RCW 82.04.620 and 2007 c 447 s 1 are each amended to
6 read as follows:

7 In computing tax there may be deducted from the measure of tax
8 imposed by RCW 82.04.290(~~(+2)~~) amounts received by physicians or
9 clinics for drugs for infusion or injection by licensed physicians or
10 their agents for human use pursuant to a prescription, but only if the
11 amounts: (1) Are separately stated on invoices or other billing
12 statements; (2) do not exceed the then current federal rate; and (3)
13 are covered or required under a health care service program subsidized
14 by the federal or state government. The federal rate means the rate at
15 or below which the federal government or its agents reimburse providers
16 for prescription drugs administered to patients as provided for in the
17 medicare, part B, drugs average sales price information resource as
18 published by the United States department of health and human services,
19 or any successor index thereto.

20 **Sec. 456.** RCW 82.08.806 and 2011 c 174 s 204 are each amended to
21 read as follows:

22 (1) The tax levied by RCW 82.08.020 does not apply to sales, to a
23 printer or publisher, of computer equipment, including repair parts and
24 replacement parts for such equipment, when the computer equipment is
25 used primarily in the printing or publishing of any printed material,
26 or to sales of or charges made for labor and services rendered in
27 respect to installing, repairing, cleaning, altering, or improving the
28 computer equipment. This exemption applies only to computer equipment
29 not otherwise exempt under RCW 82.08.02565.

30 (2) A person taking the exemption under this section must keep
31 records necessary for the department to verify eligibility under this
32 section. This exemption is available only when the purchaser provides
33 the seller with an exemption certificate in a form and manner
34 prescribed by the department. The seller must retain a copy of the
35 certificate for the seller's files.

1 (3) The definitions in this subsection (3) apply throughout this
2 section, unless the context clearly requires otherwise.

3 (a) "Computer" has the same meaning as in RCW 82.04.215.

4 (b) "Computer equipment" means a computer and the associated
5 physical components that constitute a computer system, including
6 monitors, keyboards, printers, modems, scanners, pointing devices, and
7 other computer peripheral equipment, cables, servers, and routers.
8 "Computer equipment" also includes digital cameras and computer
9 software.

10 (c) "Computer software" has the same meaning as in RCW 82.04.215.

11 (d) "Primarily" means greater than fifty percent as measured by
12 time.

13 (e) "Printer or publisher" means a person, as defined in RCW
14 82.04.030, who is subject to tax under RCW 82.04.260(~~(+13+)~~) (3) or
15 82.04.280(1)(a).

16 (4) "Computer equipment" does not include computer equipment that
17 is used primarily for administrative purposes including but not limited
18 to payroll processing, accounting, customer service, telemarketing, and
19 collection. If computer equipment is used simultaneously for
20 administrative and nonadministrative purposes, the administrative use
21 must be disregarded during the period of simultaneous use for purposes
22 of determining whether the computer equipment is used primarily for
23 administrative purposes.

24 NEW SECTION. **Sec. 457.** A new section is added to chapter 82.16
25 RCW to read as follows:

26 Persons engaged in the business of stevedoring and associated
27 activities pertinent to the movement of goods and commodities in
28 waterborne interstate or foreign commerce, as that term is defined in
29 section 422 of this act, are exempt from payment of taxes imposed by
30 this chapter for that portion of their business subject to taxation
31 under RCW 82.04.290(1).

32 **Sec. 458.** RCW 82.16.100 and 2001 c 320 s 8 are each amended to
33 read as follows:

34 The business of collection, receipt, transfer, including
35 transportation between any locations, storage, or disposal of solid

1 waste is not subject to this chapter. Any such business activities are
2 subject to taxation under the classification in RCW 82.04.290(~~(+2)~~).
3 "Solid waste" for purposes of this section is defined in RCW 82.18.010.

4 **Sec. 459.** RCW 82.32.045 and 2010 1st sp.s. c 23 s 1103 are each
5 amended to read as follows:

6 (1) Except as otherwise provided in this chapter, payments of the
7 taxes imposed under chapters 82.04, 82.08, 82.12, 82.14, and 82.16 RCW,
8 along with reports and returns on forms prescribed by the department,
9 are due monthly within twenty-five days after the end of the month in
10 which the taxable activities occur.

11 (2) The department of revenue may relieve any taxpayer or class of
12 taxpayers from the obligation of remitting monthly and may require the
13 return to cover other longer reporting periods, but in no event may
14 returns be filed for a period greater than one year. For these
15 taxpayers, tax payments are due on or before the last day of the month
16 next succeeding the end of the period covered by the return.

17 (3) The department of revenue may also require verified annual
18 returns from any taxpayer, setting forth such additional information as
19 it may deem necessary to correctly determine tax liability.

20 (4) Notwithstanding subsections (1) and (2) of this section, the
21 department may relieve any person of the requirement to file returns if
22 the following conditions are met:

23 (a) The person's value of products, gross proceeds of sales, or
24 gross income of the business, from all business activities taxable
25 under chapter 82.04 RCW, is less than:

26 (i) Twenty-eight thousand dollars per year; or

27 (ii) Forty-six thousand six hundred sixty-seven dollars per year
28 for persons generating at least fifty percent of their taxable amount
29 from activities taxable under RCW (~~(82.04.255,)~~) 82.04.290(~~(+2)(a),~~)
30 and 82.04.285;

31 (b) The person's gross income of the business from all activities
32 taxable under chapter 82.16 RCW is less than twenty-four thousand
33 dollars per year; and

34 (c) The person is not required to collect or pay to the department
35 of revenue any other tax or fee which the department is authorized to
36 collect.

1 **Sec. 460.** RCW 82.32.533 and 2010 c 111 s 801 are each amended to
2 read as follows:

3 (1) Except as provided in subsection (2) of this section, no person
4 may be held liable for the failure to collect or pay state and local
5 sales and use taxes accrued before July 26, 2009, on the sale or use of
6 digital goods or of services defined as a retail sale in RCW
7 82.04.050(2)(a) and rendered in respect to digital goods.

8 (2) Subsection (1) of this section does not relieve any person from
9 liability for state and local sales taxes that the person collected
10 from buyers but did not remit to the department of revenue.

11 (3) Nothing in this section may be construed as authorizing the
12 refund of state and local sales and use taxes properly paid on the sale
13 or use, before July 26, 2009, of digital goods or of services defined
14 as a retail sale in RCW 82.04.050(2)(a) and rendered in respect to
15 digital goods.

16 (4) A person is not entitled to a credit or refund of any business
17 and occupation tax paid in excess of that properly due as a result of
18 the person paying tax on its income earned from the sale of eligible
19 digital products and services at the tax rate provided in RCW
20 82.04.290(~~((2)(a))~~) rather than the tax rate provided in RCW
21 82.04.250(~~((1))~~), unless the person requesting the credit or refund has
22 paid the proper amount of state and local sales taxes due on the sales
23 of the eligible digital products and services that generated the income
24 in respect to which the business and occupation tax credit or refund is
25 sought. For purposes of this subsection, "eligible digital products
26 and services" means: (a) Digital goods; and (b) services defined as a
27 retail sale in RCW 82.04.050(2)(a) and rendered in respect to digital
28 goods.

29 (5) For purposes of this section, "digital goods" has the same
30 meaning as in RCW 82.04.192.

31 **Sec. 461.** RCW 82.32.790 and 2010 c 114 s 201 and 2010 c 106 s 401
32 are each reenacted and amended to read as follows:

33 (1)(a) Section (~~((206, chapter 106, Laws of 2010, sections 104,))~~)
34 417, chapter . . ., Laws of 2012 (section 417 of this act), sections
35 110, 117, 123, 125, 129, 131, and 150, chapter 114, Laws of 2010,
36 ((section 3, chapter 461, Laws of 2009, section 7, chapter 300, Laws of
37 2006, and section 4)) and sections 1, 2, 5 through 10, and 12, chapter

1 149, Laws of 2003 are contingent upon the siting and commercial
2 operation of a significant semiconductor microchip fabrication facility
3 in the state of Washington.

4 (b) For the purposes of this section:

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

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

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

12 (2) Section 417, chapter . . . , Laws of 2012 (section 417 of this
13 act), sections 110, 117, 123, 125, 129, 131, and 150, chapter 114, Laws
14 of 2010, and sections 1, 2, 5 through 10, and 12, chapter 149, Laws of
15 2003 take(~~(s)~~) effect the first day of the month in which a contract
16 for the construction of a significant semiconductor fabrication
17 facility is signed, as determined by the director of the department of
18 revenue.

19 (3)(a) The department of revenue must provide notice of the
20 effective date of (~~(sections 104,)~~) section 417, chapter . . . , Laws
21 of 2012 (section 417 of this act), sections 110, 117, 123, 125, 129,
22 131, and 150, chapter 114, Laws of 2010(~~([,] section 3, chapter 461,
23 ~~Laws of 2009, section 7, chapter 300, Laws of 2006, and section 4)~~),
24 and sections 1, 2, 5 through 10, and 12, chapter 149, Laws of 2003 to
25 affected taxpayers, the legislature, and others as deemed appropriate
26 by the department.~~

27 (b) If, after making a determination that a contract has been
28 signed and chapter 149, Laws of 2003 is effective, the department
29 discovers that commencement of commercial production did not take place
30 within three years of the date the contract was signed, the department
31 must make a determination that section 417, chapter . . . , Laws of 2012
32 (section 417 of this act), sections 110, 117, 123, 125, 129, 131, and
33 150, chapter 114, Laws of 2010 and sections 1, 2, 5 through 10, and 12,
34 chapter 149, Laws of 2003 ((is)) are no longer effective, and all taxes
35 that would have been otherwise due are deemed deferred taxes and are
36 immediately assessed and payable from any person ((reporting tax under
37 ~~RCW 82.04.240(2) or~~) claiming an exemption, deduction, or credit under
38 ((section 2 or 5 through 10, chapter 149, Laws of 2003)) section 417 of

1 this act or RCW 82.04.426, 82.04.448, 82.08.965, 82.08.970, 82.12.965,
2 82.12.970, or 84.36.645. The department is not authorized to make a
3 second determination regarding the effective date of section 417,
4 chapter . . . , Laws of 2012 (section 417 of this act), sections 110,
5 117, 123, 125, 129, 131, and 150, chapter 114, Laws of 2010, and
6 sections 1, 2, 5 through 10, and 12, chapter 149, Laws of 2003.

7 **Sec. 462.** RCW 82.45.195 and 2010 1st sp.s. c 23 s 518 are each
8 amended to read as follows:

9 A sale of standing timber is exempt from tax under this chapter if
10 the gross income from such sale is taxable under RCW 82.04.260(~~(+11)~~)
11 (2)(d).

12 **PART V**
13 **CENTRALIZED ADMINISTRATION OF CITY B&O TAXES**

14 NEW SECTION. **Sec. 501.** It is the legislature's intent that the
15 department of revenue administer local business and occupation taxes in
16 a manner similar to the administration and collection of local sales
17 and use taxes.

18 NEW SECTION. **Sec. 502.** A new section is added to chapter 35.102
19 RCW to read as follows:

20 (1) Except as provided in subsection (2) of this section, no city
21 may impose or continue to impose a business and occupation tax after
22 December 31, 2014, unless it consents to having the department collect
23 and administer its tax in accordance with the provisions of this
24 chapter.

25 (2) The department may delay or phase-in the collection and
26 administration of city business and occupation taxes beyond January 1,
27 2015, if funding or other resources are insufficient to enable the
28 department to meet the deadline in subsection (1) of this section or as
29 necessary to ensure the department is adequately prepared to assume
30 collection and administration of city business and occupation taxes and
31 that the transition to department collection and administration of city
32 business and occupation taxes is as seamless as possible. To that end,
33 the department, working with affected cities, is authorized to
34 establish a schedule for assuming the collection and administration of

1 city business and occupation taxes. Cities scheduled to transition to
2 having the department collect and administer their business and
3 occupation taxes on or after January 1, 2015, may continue to collect
4 and administer their business and occupation taxes until the date the
5 department will begin collecting and administering the city's business
6 and occupation tax as determined by the department and communicated to
7 the city.

8 (3)(a) The department must charge a fee to a city to collect and
9 administer its business and occupation tax. The fee may be set in an
10 amount necessary to reasonably approximate the department's anticipated
11 costs of collecting and administering city business and occupation
12 taxes, defray the costs incurred by the department to make changes to
13 its infrastructure and information technology systems to accommodate
14 the collection and administration of city business and occupation
15 taxes, and to generate revenue for infrastructure and information
16 technology system improvements used for the collection and
17 administration of city business and occupation taxes. However, the fee
18 may not exceed one percent of the business and occupation taxes
19 collected by the department on behalf of a city. The department may
20 adjust the fee but not more frequently than once per year. Fees
21 imposed under this subsection must be uniform for all cities imposing
22 a business and occupation tax collected and administered by the
23 department. The department's determination of the amount of fee
24 charged to a city may not be overturned by a court except upon a
25 showing by clear and convincing evidence that the department acted
26 arbitrarily.

27 (b) The local business and occupation tax collection and
28 administration account is created in the state treasury. All fees
29 collected under the authority of this subsection must be deposited into
30 the account. Moneys in the account may be spent only after
31 appropriation. Expenditures from the account may be used only to
32 collect and administer city business and occupation taxes.

33 (4) The department may collect and administer a city's business and
34 occupation tax without entering into a contract with the city.
35 However, if the department and a city choose to enter into a contract
36 for the collection and administration of the city's business and
37 occupation tax, the contract must include provisions to resolve
38 disputes using a nonjudicial process before resorting to litigation.

1 A contract also must include a procedure for notifying the other party
2 that a violation of the contract is believed to have occurred, a
3 nonjudicial procedure for establishing whether a violation has in fact
4 occurred, an opportunity to correct such violation, and, should the
5 violation fail to be resolved through this process, a provision that
6 litigation to resolve the dispute must be brought in the superior court
7 for Thurston county.

8 NEW SECTION. **Sec. 503.** A new section is added to chapter 35.102
9 RCW to read as follows:

10 The department may take any lawful action it deems advisable to
11 effectively and efficiently carry out its duties under this chapter.

12 NEW SECTION. **Sec. 504.** A new section is added to chapter 35.102
13 RCW to read as follows:

14 (1) Business and occupation taxes collected by the department on
15 behalf of a city, less the amount of the department's collection and
16 administration fee, must be deposited into the city business and
17 occupation tax account hereby created in the state treasury. Moneys in
18 the local business and occupation tax account may be withdrawn only
19 for:

20 (a) Distribution to the cities entitled to the tax proceeds; and

21 (b) Making refunds of overpaid taxes.

22 (2) Penalties and interest on city business and occupation taxes
23 collected by the department belong to the state and must be deposited
24 into the general fund.

25 (3) If a return or payment is submitted with less than the full
26 amount of taxes, interest, and penalties due, the department may
27 allocate payments among applicable funds so as to minimize
28 administrative costs to the extent practicable.

29 (4) All administrative provisions in chapters 82.01, 82.03, 82.04,
30 82.32, and 82.32A RCW, insofar as they are applicable to state business
31 and occupation taxes and not inconsistent with the provisions of this
32 chapter, are applicable to city business and occupation taxes collected
33 and administered by the department.

34 (5) Except as provided in RCW 43.08.190, all earnings of
35 investments of balances in the local business and occupation tax

1 account must be credited to the local business and occupation tax
2 account and distributed monthly to the cities whose business and
3 occupation taxes are collected and administered by the department.

4 NEW SECTION. **Sec. 505.** A new section is added to chapter 35.102
5 RCW to read as follows:

6 (1) Collection and administration of local business and occupation
7 taxes by the department includes the authority for the department to
8 conduct audits for any city imposing a business and occupation tax.
9 However, a city may also conduct its own business and occupation tax
10 audits subject to the limitations in this section.

11 (2) Cities conducting their own business and occupation tax audits
12 may not conduct an audit for any period of time included in an audit of
13 the city's business and occupation tax conducted by the department.
14 Also, cities may not, without consent from the department, conduct an
15 audit of any business if (a) the department has notified the business
16 of the department's intent to conduct an audit of the business, and the
17 city's business and occupation tax is within the scope of the audit or
18 (b) the department's current audit plan includes the business, and the
19 city's business and occupation tax is within the scope of the planned
20 audit.

21 (3) Cities conducting their own business and occupation tax audits
22 must use any format and template required by the department. To assist
23 cities in complying with this requirement, the department must provide
24 any required template and instructions on any required format to cities
25 conducting their own business and occupation tax audits. Cities
26 conducting their own business and occupation tax audits must also
27 forward the results of any such audit to the department in a form and
28 format acceptable to the department so that the department, and not the
29 city, may issue any resulting assessment, credit, or refund to the
30 taxpayer as deemed appropriate by the department. The department may
31 make an independent determination of whether a city's business and
32 occupation tax audit justifies the issuance of an assessment, refund,
33 credit, future reporting instructions, or other appropriate action
34 including entering into a closing agreement with the taxpayer.

35 (4) Nothing in this section may be construed as giving cities the
36 authority to conduct state business and occupation tax audits.

1 NEW SECTION. **Sec. 506.** A new section is added to chapter 35.102

2 RCW to read as follows:

3 (1) At such time as the department begins collecting and
4 administering a city's business and occupation tax, the department may
5 provide official written advice and written tax reporting instructions
6 to taxpayers concerning the city's business and occupation tax. If the
7 department determines that input from the city would be helpful, the
8 department may notify the affected city or cities of the taxpayer's
9 request and provide a reasonable opportunity for the city or cities to
10 provide input. When the department notifies a city of a taxpayer's
11 request for official written guidance or written tax reporting
12 instructions, the department must advise the city of any internal
13 deadline for responding to the taxpayer's request. The department may,
14 but need not, extend any internal deadline for responding to a
15 taxpayer's request to accommodate a city's opportunity under this
16 subsection to provide input. Failure to notify a city of a taxpayer's
17 request for official written advice or written tax reporting
18 instructions does not invalidate the department's official written
19 advice or written tax reporting instructions.

20 (2) At such time as the department begins collecting and
21 administering a city's business and occupation tax, RCW 82.32.160,
22 82.32.170, and chapter 82.03 RCW provide the sole administrative review
23 of the amount of city business and occupation taxes, penalties, or
24 interest paid by the taxpayer or assessed by the department. In
25 appeals before the department involving a city's business and
26 occupation tax, the department will provide a meaningful opportunity
27 for the city to present its views to the department when the department
28 determines that input from the city will assist the department in
29 resolving the appeal. Input by a city must be in writing, and the city
30 must provide a copy of its input to the taxpayer. A taxpayer will have
31 a reasonable opportunity, as determined by the department, to respond
32 to the city's input. This subsection applies even to disputes over an
33 assessment issued as a result of a city's own business and occupation
34 tax audit of a taxpayer.

35 (3) At such time as the department begins collecting and
36 administering a city's business and occupation tax, the provisions of
37 RCW 82.03.180, 82.32.150, and 82.32.180 govern judicial proceedings
38 seeking refunds of that city's business and occupation tax, penalties,

1 or interest; to restrain or enjoin the collection of that city's
2 business and occupation tax, penalties, or interest; or review of a
3 decision of the board of tax appeals concerning the city's business and
4 occupation tax, penalties, or interest. This subsection applies even
5 to disputes over an assessment issued as a result of a city's own
6 business and occupation tax audit of a taxpayer.

7 **Sec. 507.** RCW 35.102.070 and 2003 c 79 s 7 are each amended to
8 read as follows:

9 (1)(a) A city that imposes a business and occupation tax ((shall))
10 must allow reporting and payment of tax on a monthly, quarterly, or
11 annual basis. Except as provided in subsection (2) of this section,
12 the frequency for any particular person may be assigned at the
13 discretion of the city((, except that monthly reporting may be assigned
14 only if it can be demonstrated that the taxpayer is remitting excise
15 tax to the state on a monthly basis. For persons assigned a monthly
16 frequency, payment is due within the same time period provided for
17 monthly taxpayers under RCW 82.32.045. For persons assigned a
18 quarterly or annual frequency,)).

19 (b) Payment is due within the same time period as provided ((for
20 quarterly or annual frequency)) under RCW 82.32.045.

21 (2)(a) Monthly reporting may be assigned only if it can be
22 demonstrated that the taxpayer is remitting excise tax to the state on
23 a monthly basis.

24 (b) A person's frequency for reporting city business and occupation
25 taxes must coincide with the person's frequency for reporting state
26 business and occupation taxes at such time as the department collects
27 and administers the city's business and occupation tax.

28 **Sec. 508.** RCW 35.102.080 and 2003 c 79 s 8 are each amended to
29 read as follows:

30 (1) ((A city that imposes a business and occupation tax shall
31 compute)) Interest charged a taxpayer on an underpaid ((tax or
32 penalty)) city business and occupation tax liability must be computed
33 in accordance with RCW 82.32.050.

34 (2) ((A city that imposes a business and occupation tax shall
35 compute)) Interest paid on refunds or credits of amounts paid or other

1 recovery allowed a taxpayer with respect to a city's business and
2 occupation taxes, penalties, and interest must be computed in
3 accordance with RCW 82.32.060.

4 **Sec. 509.** RCW 35.102.090 and 2003 c 79 s 9 are each amended to
5 read as follows:

6 (~~(A city that imposes a business and occupation tax shall provide~~
7 ~~for the imposition of)) Penalties on municipal business and occupation
8 taxes must be imposed in accordance with chapter 82.32 RCW.~~

9 **Sec. 510.** RCW 35.102.145 and 2010 c 106 s 101 are each amended to
10 read as follows:

11 A city that imposes a business and occupation tax may by ordinance
12 provide that return or tax information is confidential, privileged, and
13 subject to disclosure in the manner provided by RCW 82.32.330. When
14 the department is responsible for collecting and administering a city's
15 business and occupation tax, RCW 82.32.330 applies to that city's
16 business and occupation tax information.

17 NEW SECTION. **Sec. 511.** A new section is added to chapter 35.102
18 RCW to read as follows:

19 When the department begins to collect and administer a city's
20 business and occupation tax, the city has the right to periodically
21 examine the records of the department as they concern the city's
22 business and occupation tax or the taxpayers of the city subject to the
23 city's business and occupation tax. The department may establish
24 reasonable parameters around a city's right under this section to
25 examine the department's records as the department deems necessary to
26 avoid an undue burden on the department. Chapter 42.56 RCW does not
27 apply to requests by a city for records of the department described in
28 this section.

29 NEW SECTION. **Sec. 512.** A new section is added to chapter 35.102
30 RCW to read as follows:

31 (1) For city business and occupation taxes collected and
32 administered by the department, the department will, upon ten days'
33 notice to the affected cities, redistribute taxes distributed in error
34 from the city that received the original distribution to the city

1 entitled to the tax. However, no such redistribution may be made as to
2 amounts originally distributed more than six monthly distribution
3 periods before the monthly distribution period in which the department
4 obtains knowledge of the improper distribution. For purposes of this
5 subsection, "obtains knowledge of the improper distribution" includes
6 information from a city or other person calling into question in any
7 way the amount of a distribution of city business and occupation taxes.

8 (2) Subsection (1) of this section does not affect in any way a
9 person's liability for unpaid or underpaid city business and occupation
10 tax liability or of a person's right to a refund or credit of overpaid
11 city business and occupation taxes, if such unpaid, underpaid, or
12 overpaid liability is discovered within the limits prescribed in RCW
13 35.102.100, 35.102.110, and chapter 82.32 RCW.

14 NEW SECTION. **Sec. 513.** A new section is added to chapter 35.102
15 RCW to read as follows:

16 Cities imposing a business and occupation tax that is collected and
17 administered by the department in accordance with this chapter must
18 defend and hold the department and state harmless from claims that
19 challenge the authority of the city to impose its business and
20 occupation tax. In the event there is a legal challenge to the
21 validity of the ordinances imposing a city's business and occupation
22 tax relating to the authority of the city to impose the tax, the
23 department is not obligated to represent the city or otherwise to
24 defend the city's position in any proceeding relating to such
25 challenge.

26 NEW SECTION. **Sec. 514.** A new section is added to chapter 35.102
27 RCW to read as follows:

28 A business and occupation tax change enacted by a city whose
29 business and occupation taxes are collected and administered by the
30 department takes effect (1) no sooner than seventy-five days after the
31 department receives notice of the change and (2) only on the first day
32 of January, April, July, or October.

33 NEW SECTION. **Sec. 515.** A new section is added to chapter 35.102
34 RCW to read as follows:

35 The department may refuse to administer and enforce any provision

1 of the city's business and occupation tax that is inconsistent with
2 this chapter. Within five working days following the department's
3 refusal to administer a provision of a city's business and occupation
4 tax ordinance, the department must provide notice to the city of the
5 department's refusal and the reasons therefore.

6 **Sec. 516.** RCW 82.32.080 and 2011 c 24 s 1 and 2010 2nd sp.s. c 2
7 s 2 are each reenacted and amended to read as follows:

8 (1) When authorized by the department, payment of the tax may be
9 made by uncertified check under such rules as the department
10 prescribes, but, if a check so received is not paid by the bank on
11 which it is drawn, the taxpayer, by whom such check is tendered, will
12 remain liable for payment of the tax and for all legal penalties, the
13 same as if such check had not been tendered.

14 (2)(a) Except as otherwise provided in this subsection, payment of
15 the tax must be made by electronic funds transfer, as defined in RCW
16 82.32.085. As an alternative to electronic funds transfer, the
17 department may authorize other forms of electronic payment, such as
18 payment by credit card. All state and local taxes administered by this
19 chapter are subject to this requirement, except that the department may
20 exclude any taxes not reported on the combined excise tax return or any
21 successor return from the electronic payment requirement in this
22 subsection.

23 (b) The department may waive the electronic payment requirement in
24 this subsection for any taxpayer or class of taxpayers, for good cause
25 or for whom the department has assigned a reporting frequency that is
26 less than quarterly. In the discretion of the department, a waiver
27 under this subsection may be made temporary or permanent, and may be
28 made on the department's own motion.

29 (c) The department is authorized to accept payment of taxes by
30 electronic funds transfer or other acceptable forms of electronic
31 payment from taxpayers that are not subject to the mandatory electronic
32 payment requirements in this subsection.

33 (3)(a) Except as otherwise provided in this subsection, returns
34 must be filed electronically using the department's online tax filing
35 service or other method of electronic reporting as the department may
36 authorize.

1 (b) The department may waive the electronic filing requirement in
2 this subsection for any taxpayer or class of taxpayers, for good cause
3 or for whom the department has assigned a reporting frequency that is
4 less than quarterly. In the discretion of the department, a waiver
5 under this subsection may be made temporary or permanent, and may be
6 made on the department's own motion.

7 (c) The department is authorized to allow electronic filing of
8 returns from taxpayers that are not subject to the mandatory electronic
9 filing requirements in this subsection.

10 (4)(a)(i) The department, for good cause shown, may extend the time
11 for making and filing any return, and may grant such reasonable
12 additional time within which to make and file returns as it may deem
13 proper, but any permanent extension granting the taxpayer a reporting
14 date without penalty more than ten days beyond the due date, and any
15 extension in excess of thirty days must be conditional on deposit with
16 the department of an amount to be determined by the department which is
17 approximately equal to the estimated tax liability for the reporting
18 period or periods for which the extension is granted. In the case of
19 a permanent extension or a temporary extension of more than thirty days
20 the deposit must be deposited within the state treasury with other tax
21 funds and a credit recorded to the taxpayer's account which may be
22 applied to taxpayer's liability upon cancellation of the permanent
23 extension or upon reporting of the tax liability where an extension of
24 more than thirty days has been granted.

25 (ii) The department must review the requirement for deposit at
26 least annually and may require a change in the amount of the deposit
27 required when it believes that such amount does not approximate the tax
28 liability for the reporting period or periods for which the extension
29 is granted.

30 (b) During a state of emergency declared under RCW 43.06.010(12),
31 the department, on its own motion or at the request of any taxpayer
32 affected by the emergency, may extend the time for making or filing any
33 return as the department deems proper. The department may not require
34 any deposit as a condition for granting an extension under this
35 subsection (4)(b).

36 (5) The department must keep full and accurate records of all funds
37 received and disbursed by it. Subject to the provisions of RCW

1 82.32.105, 82.32.052, and 82.32.350, the department must apply the
2 payment of the taxpayer first against penalties and interest, and then
3 upon the tax, without regard to any direction of the taxpayer.

4 (6) The department may refuse to accept any return that is not
5 accompanied by a remittance of the tax shown to be due thereon or that
6 is not filed electronically as required in this section. When such
7 return is not accepted, the taxpayer is deemed to have failed or
8 refused to file a return and is subject to the procedures provided in
9 RCW 82.32.100 and to the penalties provided in RCW 82.32.090. The
10 above authority to refuse to accept a return may not apply when a
11 return is timely filed electronically and a timely payment has been
12 made by electronic funds transfer or other form of electronic payment
13 as authorized by the department.

14 (7) Except for returns and remittances required to be transmitted
15 to the department electronically under this section and except as
16 otherwise provided in this chapter, a return or remittance that is
17 transmitted to the department by United States mail is deemed filed or
18 received on the date shown by the post office cancellation mark stamped
19 upon the envelope containing it. A return or remittance that is
20 transmitted to the department electronically is deemed filed or
21 received according to procedures set forth by the department.

22 (8)(a) For purposes of subsections (2) and (3) of this section,
23 "good cause" means the inability of a taxpayer to comply with the
24 requirements of subsection (2) or (3) of this section because:

25 (i) The taxpayer does not have the equipment or software necessary
26 to enable the taxpayer to comply with subsection (2) or (3) of this
27 section;

28 (ii) The equipment or software necessary to enable the taxpayer to
29 comply with subsection (2) or (3) of this section is not functioning
30 properly;

31 (iii) The taxpayer does not have access to the internet using the
32 taxpayer's own equipment;

33 (iv) The taxpayer does not have a bank account or a credit card;

34 (v) The taxpayer's bank is unable to send or receive electronic
35 funds transfer transactions; or

36 (vi) Some other circumstance or condition exists that, in the
37 department's judgment, prevents the taxpayer from complying with the
38 requirements of subsection (2) or (3) of this section.

1 (b) "Good cause" also includes any circumstance that, in the
2 department's judgment, supports the efficient or effective
3 administration of the tax laws of this state, including providing
4 relief from the requirements of subsection (2) or (3) of this section
5 to any taxpayer that is voluntarily collecting and remitting this
6 state's sales or use taxes on sales to Washington customers but has no
7 legal requirement to be registered with the department.

8 **Sec. 517.** RCW 34.05.328 and 2011 c 298 s 21 and 2011 c 149 s 1 are
9 each reenacted and amended to read as follows:

10 (1) Before adopting a rule described in subsection (5) of this
11 section, an agency must:

12 (a) Clearly state in detail the general goals and specific
13 objectives of the statute that the rule implements;

14 (b) Determine that the rule is needed to achieve the general goals
15 and specific objectives stated under (a) of this subsection, and
16 analyze alternatives to rule making and the consequences of not
17 adopting the rule;

18 (c) Provide notification in the notice of proposed rule making
19 under RCW 34.05.320 that a preliminary cost-benefit analysis is
20 available. The preliminary cost-benefit analysis must fulfill the
21 requirements of the cost-benefit analysis under (d) of this subsection.
22 If the agency files a supplemental notice under RCW 34.05.340, the
23 supplemental notice must include notification that a revised
24 preliminary cost-benefit analysis is available. A final cost-benefit
25 analysis must be available when the rule is adopted under RCW
26 34.05.360;

27 (d) Determine that the probable benefits of the rule are greater
28 than its probable costs, taking into account both the qualitative and
29 quantitative benefits and costs and the specific directives of the
30 statute being implemented;

31 (e) Determine, after considering alternative versions of the rule
32 and the analysis required under (b), (c), and (d) of this subsection,
33 that the rule being adopted is the least burdensome alternative for
34 those required to comply with it that will achieve the general goals
35 and specific objectives stated under (a) of this subsection;

36 (f) Determine that the rule does not require those to whom it

1 applies to take an action that violates requirements of another federal
2 or state law;

3 (g) Determine that the rule does not impose more stringent
4 performance requirements on private entities than on public entities
5 unless required to do so by federal or state law;

6 (h) Determine if the rule differs from any federal regulation or
7 statute applicable to the same activity or subject matter and, if so,
8 determine that the difference is justified by the following:

9 (i) A state statute that explicitly allows the agency to differ
10 from federal standards; or

11 (ii) Substantial evidence that the difference is necessary to
12 achieve the general goals and specific objectives stated under (a) of
13 this subsection; and

14 (i) Coordinate the rule, to the maximum extent practicable, with
15 other federal, state, and local laws applicable to the same activity or
16 subject matter.

17 (2) In making its determinations pursuant to subsection (1)(b)
18 through (h) of this section, the agency must place in the rule-making
19 file documentation of sufficient quantity and quality so as to persuade
20 a reasonable person that the determinations are justified.

21 (3) Before adopting rules described in subsection (5) of this
22 section, an agency must place in the rule-making file a rule
23 implementation plan for rules filed under each adopting order. The
24 plan must describe how the agency intends to:

25 (a) Implement and enforce the rule, including a description of the
26 resources the agency intends to use;

27 (b) Inform and educate affected persons about the rule;

28 (c) Promote and assist voluntary compliance; and

29 (d) Evaluate whether the rule achieves the purpose for which it was
30 adopted, including, to the maximum extent practicable, the use of
31 interim milestones to assess progress and the use of objectively
32 measurable outcomes.

33 (4) After adopting a rule described in subsection (5) of this
34 section regulating the same activity or subject matter as another
35 provision of federal or state law, an agency must do all of the
36 following:

37 (a) Coordinate implementation and enforcement of the rule with the

1 other federal and state entities regulating the same activity or
2 subject matter by making every effort to do one or more of the
3 following:

- 4 (i) Deferring to the other entity;
- 5 (ii) Designating a lead agency; or
- 6 (iii) Entering into an agreement with the other entities specifying
7 how the agency and entities will coordinate implementation and
8 enforcement.

9 If the agency is unable to comply with this subsection (4)(a), the
10 agency must report to the legislature pursuant to (b) of this
11 subsection;

12 (b) Report to the joint administrative rules review committee:

- 13 (i) The existence of any overlap or duplication of other federal or
14 state laws, any differences from federal law, and any known overlap,
15 duplication, or conflict with local laws; and
- 16 (ii) Make recommendations for any legislation that may be necessary
17 to eliminate or mitigate any adverse effects of such overlap,
18 duplication, or difference.

19 (5)(a) Except as provided in (b) of this subsection, this section
20 applies to:

- 21 (i) Significant legislative rules of the departments of ecology,
22 labor and industries, health, revenue, social and health services, and
23 natural resources, the employment security department, the forest
24 practices board, the office of the insurance commissioner, and to the
25 legislative rules of the department of fish and wildlife implementing
26 chapter 77.55 RCW; and
- 27 (ii) Any rule of any agency, if this section is voluntarily made
28 applicable to the rule by the agency, or is made applicable to the rule
29 by a majority vote of the joint administrative rules review committee
30 within forty-five days of receiving the notice of proposed rule making
31 under RCW 34.05.320.

32 (b) This section does not apply to:

- 33 (i) Emergency rules adopted under RCW 34.05.350;
- 34 (ii) Rules relating only to internal governmental operations that
35 are not subject to violation by a nongovernment party;
- 36 (iii) Rules adopting or incorporating by reference without material
37 change federal statutes or regulations, Washington state statutes,
38 rules of other Washington state agencies, shoreline master programs

1 other than those programs governing shorelines of statewide
2 significance, or, as referenced by Washington state law, national
3 consensus codes that generally establish industry standards, if the
4 material adopted or incorporated regulates the same subject matter and
5 conduct as the adopting or incorporating rule;

6 (iv) Rules that only correct typographical errors, make address or
7 name changes, or clarify language of a rule without changing its
8 effect;

9 (v) Rules the content of which is explicitly and specifically
10 dictated by statute;

11 (vi) Rules that set or adjust fees under the authority of RCW
12 19.02.075 or that set or adjust fees or rates pursuant to legislative
13 standards, including fees set or adjusted under the authority of RCW
14 19.80.045;

15 (vii) Rules of the department of social and health services
16 relating only to client medical or financial eligibility and rules
17 concerning liability for care of dependents; ~~((or))~~

18 (viii) Rules of the department of revenue that adopt a uniform
19 expiration date for reseller permits as authorized in RCW 82.32.780 and
20 82.32.783;

21 (ix) The schedule developed by the department of revenue under
22 section 502 of this act for assuming the collection and administration
23 of city business and occupation taxes;

24 (x) The schedule developed by the department of revenue under
25 section 202 of this act for assuming the issuance and renewal of city
26 business licenses through the business licensing system; and

27 (xi) Amendments made by the department of revenue to the model
28 ordinance for city business and occupation taxes.

29 (c) For purposes of this subsection:

30 (i) A "procedural rule" is a rule that adopts, amends, or repeals
31 (A) any procedure, practice, or requirement relating to any agency
32 hearings; (B) any filing or related process requirement for making
33 application to an agency for a license or permit; or (C) any policy
34 statement pertaining to the consistent internal operations of an
35 agency.

36 (ii) An "interpretive rule" is a rule, the violation of which does
37 not subject a person to a penalty or sanction, that sets forth the
38 agency's interpretation of statutory provisions it administers.

1 (iii) A "significant legislative rule" is a rule other than a
2 procedural or interpretive rule that (A) adopts substantive provisions
3 of law pursuant to delegated legislative authority, the violation of
4 which subjects a violator of such rule to a penalty or sanction; (B)
5 establishes, alters, or revokes any qualification or standard for the
6 issuance, suspension, or revocation of a license or permit; or (C)
7 adopts a new, or makes significant amendments to, a policy or
8 regulatory program.

9 (d) In the notice of proposed rule making under RCW 34.05.320, an
10 agency must state whether this section applies to the proposed rule
11 pursuant to (a)(i) of this subsection, or if the agency will apply this
12 section voluntarily.

13 (6) By January 31, 1996, and by January 31st of each even-numbered
14 year thereafter, the office of regulatory assistance, after consulting
15 with state agencies, counties, and cities, and business, labor, and
16 environmental organizations, must report to the governor and the
17 legislature regarding the effects of this section on the regulatory
18 system in this state. The report must document:

19 (a) The rules proposed to which this section applied and to the
20 extent possible, how compliance with this section affected the
21 substance of the rule, if any, that the agency ultimately adopted;

22 (b) The costs incurred by state agencies in complying with this
23 section;

24 (c) Any legal action maintained based upon the alleged failure of
25 any agency to comply with this section, the costs to the state of such
26 action, and the result;

27 (d) The extent to which this section has adversely affected the
28 capacity of agencies to fulfill their legislatively prescribed mission;

29 (e) The extent to which this section has improved the acceptability
30 of state rules to those regulated; and

31 (f) Any other information considered by the office of financial
32 management to be useful in evaluating the effect of this section.

33 **Sec. 518.** RCW 43.84.092 and 2011 1st sp.s. c 16 s 6, 2011 1st
34 sp.s. c 7 s 22, 2011 c 369 s 6, 2011 c 339 s 1, 2011 c 311 s 9, 2011 c
35 272 s 3, 2011 c 120 s 3, and 2011 c 83 s 7 are each reenacted and
36 amended to read as follows:

1 (1) All earnings of investments of surplus balances in the state
2 treasury shall be deposited to the treasury income account, which
3 account is hereby established in the state treasury.

4 (2) The treasury income account shall be utilized to pay or receive
5 funds associated with federal programs as required by the federal cash
6 management improvement act of 1990. The treasury income account is
7 subject in all respects to chapter 43.88 RCW, but no appropriation is
8 required for refunds or allocations of interest earnings required by
9 the cash management improvement act. Refunds of interest to the
10 federal treasury required under the cash management improvement act
11 fall under RCW 43.88.180 and shall not require appropriation. The
12 office of financial management shall determine the amounts due to or
13 from the federal government pursuant to the cash management improvement
14 act. The office of financial management may direct transfers of funds
15 between accounts as deemed necessary to implement the provisions of the
16 cash management improvement act, and this subsection. Refunds or
17 allocations shall occur prior to the distributions of earnings set
18 forth in subsection (4) of this section.

19 (3) Except for the provisions of RCW 43.84.160, the treasury income
20 account may be utilized for the payment of purchased banking services
21 on behalf of treasury funds including, but not limited to, depository,
22 safekeeping, and disbursement functions for the state treasury and
23 affected state agencies. The treasury income account is subject in all
24 respects to chapter 43.88 RCW, but no appropriation is required for
25 payments to financial institutions. Payments shall occur prior to
26 distribution of earnings set forth in subsection (4) of this section.

27 (4) Monthly, the state treasurer shall distribute the earnings
28 credited to the treasury income account. The state treasurer shall
29 credit the general fund with all the earnings credited to the treasury
30 income account except:

31 (a) The following accounts and funds shall receive their
32 proportionate share of earnings based upon each account's and fund's
33 average daily balance for the period: The aeronautics account, the
34 aircraft search and rescue account, the budget stabilization account,
35 the capital vessel replacement account, the capitol building
36 construction account, the Cedar River channel construction and
37 operation account, the Central Washington University capital projects
38 account, the charitable, educational, penal and reformatory

1 institutions account, the cleanup settlement account, the Columbia
2 river basin water supply development account, the Columbia river basin
3 taxable bond water supply development account, the Columbia river basin
4 water supply revenue recovery account, the common school construction
5 fund, the county arterial preservation account, the county criminal
6 justice assistance account, the county sales and use tax equalization
7 account, the deferred compensation administrative account, the deferred
8 compensation principal account, the department of licensing services
9 account, the department of retirement systems expense account, the
10 developmental disabilities community trust account, the drinking water
11 assistance account, the drinking water assistance administrative
12 account, the drinking water assistance repayment account, the Eastern
13 Washington University capital projects account, the Interstate 405
14 express toll lanes operations account, the education construction fund,
15 the education legacy trust account, the election account, the energy
16 freedom account, the energy recovery act account, the essential rail
17 assistance account, The Evergreen State College capital projects
18 account, the federal forest revolving account, the ferry bond
19 retirement fund, the freight congestion relief account, the freight
20 mobility investment account, the freight mobility multimodal account,
21 the grade crossing protective fund, the public health services account,
22 the health system capacity account, the high capacity transportation
23 account, the state higher education construction account, the higher
24 education construction account, the highway bond retirement fund, the
25 highway infrastructure account, the highway safety account, the high
26 occupancy toll lanes operations account, the hospital safety net
27 assessment fund, the industrial insurance premium refund account, the
28 judges' retirement account, the judicial retirement administrative
29 account, the judicial retirement principal account, the local leasehold
30 excise tax account, the local real estate excise tax account, the local
31 sales and use tax account, the city business and occupation tax
32 account, the marine resources stewardship trust account, the medical
33 aid account, the mobile home park relocation fund, the motor vehicle
34 fund, the motorcycle safety education account, the multiagency
35 permitting team account, the multimodal transportation account, the
36 municipal criminal justice assistance account, the municipal sales and
37 use tax equalization account, the natural resources deposit account,
38 the oyster reserve land account, the pension funding stabilization

1 account, the perpetual surveillance and maintenance account, the public
2 employees' retirement system plan 1 account, the public employees'
3 retirement system combined plan 2 and plan 3 account, the public
4 facilities construction loan revolving account beginning July 1, 2004,
5 the public health supplemental account, the public transportation
6 systems account, the public works assistance account, the Puget Sound
7 capital construction account, the Puget Sound ferry operations account,
8 the Puyallup tribal settlement account, the real estate appraiser
9 commission account, the recreational vehicle account, the regional
10 mobility grant program account, the resource management cost account,
11 the rural arterial trust account, the rural mobility grant program
12 account, the rural Washington loan fund, the site closure account, the
13 skilled nursing facility safety net trust fund, the small city pavement
14 and sidewalk account, the special category C account, the special
15 wildlife account, the state employees' insurance account, the state
16 employees' insurance reserve account, the state investment board
17 expense account, the state investment board commingled trust fund
18 accounts, the state patrol highway account, the state route number 520
19 civil penalties account, the state route number 520 corridor account,
20 the state wildlife account, the supplemental pension account, the
21 Tacoma Narrows toll bridge account, the teachers' retirement system
22 plan 1 account, the teachers' retirement system combined plan 2 and
23 plan 3 account, the tobacco prevention and control account, the tobacco
24 settlement account, the transportation 2003 account (nickel account),
25 the transportation equipment fund, the transportation fund, the
26 transportation improvement account, the transportation improvement
27 board bond retirement account, the transportation infrastructure
28 account, the transportation partnership account, the traumatic brain
29 injury account, the tuition recovery trust fund, the University of
30 Washington bond retirement fund, the University of Washington building
31 account, the volunteer firefighters' and reserve officers' relief and
32 pension principal fund, the volunteer firefighters' and reserve
33 officers' administrative fund, the Washington judicial retirement
34 system account, the Washington law enforcement officers' and
35 firefighters' system plan 1 retirement account, the Washington law
36 enforcement officers' and firefighters' system plan 2 retirement
37 account, the Washington public safety employees' plan 2 retirement
38 account, the Washington school employees' retirement system combined

1 plan 2 and 3 account, the Washington state economic development
2 commission account, the Washington state health insurance pool account,
3 the Washington state patrol retirement account, the Washington State
4 University building account, the Washington State University bond
5 retirement fund, the water pollution control revolving fund, and the
6 Western Washington University capital projects account. Earnings
7 derived from investing balances of the agricultural permanent fund, the
8 normal school permanent fund, the permanent common school fund, the
9 scientific permanent fund, and the state university permanent fund
10 shall be allocated to their respective beneficiary accounts.

11 (b) Any state agency that has independent authority over accounts
12 or funds not statutorily required to be held in the state treasury that
13 deposits funds into a fund or account in the state treasury pursuant to
14 an agreement with the office of the state treasurer shall receive its
15 proportionate share of earnings based upon each account's or fund's
16 average daily balance for the period.

17 (5) In conformance with Article II, section 37 of the state
18 Constitution, no treasury accounts or funds shall be allocated earnings
19 without the specific affirmative directive of this section.

20 NEW SECTION. **Sec. 519.** (1) Nothing in sections 501 through 518 of
21 this act authorizes the department of revenue to collect and administer
22 city business and occupation taxes that were originally due before the
23 effective date that the department of revenue begins collecting and
24 administering the city's business and occupation tax. Even after the
25 department has assumed responsibility for collecting and administering
26 a city's business and occupation tax, the city retains the authority to
27 collect and administer its business and occupation taxes with respect
28 to taxes originally due before the effective date that the department
29 began collecting and administering the city's business and occupation
30 tax. This retained authority of the city includes auditing taxpayers,
31 engaging in collection activities, processing tax payments, and
32 participating in administrative, quasi-judicial, and judicial
33 proceedings involving liability for a city's business and occupation
34 tax.

35 (2) Nothing in sections 501 through 518 of this act affects
36 administrative, quasi-judicial, and judicial proceedings that are
37 ongoing as of the effective date that the department of revenue assumes

1 responsibility for collecting and administering the city's business and
2 occupation tax. The same administrative, quasi-judicial, and judicial
3 remedies available before January 1, 2015, to cities and taxpayers with
4 respect to city business and occupation taxes also apply with respect
5 to taxes that were originally due before the effective date that the
6 department began collecting and administering a city's business and
7 occupation tax.

8 (3) For purposes of this section, "taxes that were originally due
9 before the effective date that the department of revenue began
10 collecting and administering a city's business and occupation tax"
11 includes business and occupation taxes assessed by a city, or reported
12 by a taxpayer, after the date that the department began collecting and
13 administering the city's business and occupation tax but that were
14 required to have been reported and paid before such date.

15 **PART VI**
16 **MISCELLANEOUS**

17 NEW SECTION. **Sec. 601.** Section 112 of this act applies both
18 prospectively and retroactively to June 1, 2010.

19 NEW SECTION. **Sec. 602.** (1) Except as otherwise provided in this
20 section, this act takes effect July 1, 2012.

21 (2) Section 302 of this act takes effect July 1, 2014.

22 (3) Sections 345 and 346 of this act take effect August 1, 2012.

23 (4) Sections 401 through 416 and 418 through 462 of this act take
24 effect January 1, 2013.

25 (5) Section 417 of this act takes effect if the contingency in
26 section 461 of this act occurs.

27 NEW SECTION. **Sec. 603.** Section 301 of this act expires July 1,
28 2014.

29 NEW SECTION. **Sec. 604.** The provisions of this act are to be
30 liberally construed to effectuate the intent, policies, and purpose of
31 this act to reduce the complexity of state and local business and
32 occupation taxes and to make it easier for businesses to meet their
33 local licensing and business and occupation tax filing obligations.

1 NEW SECTION. **Sec. 605.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.

5 NEW SECTION. **Sec. 606.** This act may be known and cited as the tax
6 and licensing simplification act.

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