

2SSB 5688 - S AMD 147

By Senators Braun, Smith

WITHDRAWN 03/12/2013

1 Strike everything after the enacting clause and insert the
2 following:

3 "PART I

4 INCREASING UNIFORMITY BETWEEN STATE AND LOCAL B&O TAXES

5 **Sec. 101.** RCW 35.102.030 and 2003 c 79 s 3 are each amended to
6 read as follows:

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

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

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

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

15 (4) "Value of products" has the same meaning as given in chapter
16 82.04 RCW.

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

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

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

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

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

1 (10) "City business and occupation tax" means a business and
2 occupation tax imposed by a city.

3 (11) "Service and other business activities classification" means
4 the classification under which an activity is taxed if it is not taxed
5 under some other classification.

6 **Sec. 102.** RCW 35.102.040 and 2010 c 271 s 706 are each amended to
7 read as follows:

8 ~~(1)(a) ((The cities, working through the association of Washington~~
9 ~~cities, shall form a model ordinance development committee made up of~~
10 ~~a representative sampling of cities that as of July 27, 2003, impose a~~
11 ~~business and occupation tax. This committee shall work through the~~
12 ~~association of Washington cities to adopt a model ordinance on~~
13 ~~municipal gross receipts business and occupation tax. The model~~
14 ~~ordinance and subsequent amendments shall))~~ After December 31, 2013,
15 only the department may amend the city business and occupation tax
16 model ordinance. Beginning January 1, 2014, the department may amend
17 the model ordinance as it deems appropriate. Amendments, other than
18 those required to conform with changes to state law, must be adopted
19 using a process that includes opportunity for substantial input from
20 cities, individually or through the association of Washington cities,
21 business stakeholders, and other members of the public. Input
22 ~~((shall))~~ must be solicited from statewide business associations and
23 from local chambers of commerce and downtown business associations in
24 cities that levy a business and occupation tax.

25 (b) The department of commerce ~~((shall))~~ must contract to post the
26 model ordinance on an internet web site and to make paper copies
27 available for inspection upon request. The department of revenue and
28 the department of licensing ~~((shall))~~ must post copies of or links to
29 the model ordinance on their internet web sites. Additionally, a city
30 that imposes a business and occupation tax must make copies of its
31 ordinance available for inspection and copying as provided in chapter
32 42.56 RCW.

33 ~~((c) The definitions and tax classifications in the model~~
34 ~~ordinance may not be amended more frequently than once every four~~
35 ~~years, however the model ordinance may be amended at any time to comply~~
36 ~~with changes in state law. Any amendment to a mandatory provision of~~

1 ~~the model ordinance must be adopted with the same effective date by all~~
2 ~~cities.)~~)

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

6 ~~(a) ((A system of credits that meets the requirements of RCW~~
7 ~~35.102.060 and a form for such use;~~

8 ~~(b))~~) A uniform, minimum small business tax threshold of at least
9 the equivalent of twenty thousand dollars in gross income annually. A
10 city may elect to deviate from this requirement by creating a higher
11 threshold or exemption but it shall not deviate lower than the level
12 required in this subsection. If a city has a small business threshold
13 or exemption in excess of that provided in this subsection as of
14 January 1, 2003, and chooses to deviate below the threshold or
15 exemption level that was in place as of January 1, 2003, the city must
16 notify all businesses licensed to do business within the city at least
17 one hundred twenty days prior to the potential implementation of a
18 lower threshold or exemption amount;

19 ~~((+e))~~) (b) Tax reporting frequencies that meet the requirements of
20 RCW 35.102.070;

21 ~~((+d))~~) (c) Penalty and interest provisions that meet the
22 requirements of RCW 35.102.080 and 35.102.090;

23 ~~((+e))~~) (d) Claim periods that meet the requirements of RCW
24 35.102.100;

25 ~~((+f))~~) (e) Refund provisions that meet the requirements of RCW
26 35.102.110; ~~((and~~

27 ~~(g) Definitions, which at a minimum, must include the definitions~~
28 ~~enumerated in RCW 35.102.030 and 35.102.120. The definitions in~~
29 ~~chapter 82.04 RCW shall be used as the baseline for all definitions in~~
30 ~~the model ordinance, and any deviation in the model ordinance from~~
31 ~~these definitions must be described by a comment in the model~~
32 ~~ordinance.~~

33 ~~(+3))~~) (f) Provisions consistent with RCW 82.04.480 and 82.04.520;

34 (g)(i) Tax classifications for reporting purposes that include all
35 of the state business and occupation tax classifications, including
36 those created in RCW 82.04.230 through 82.04.298, classifications
37 created after the effective date of this section and codified outside

1 of those statutes, and any classifications created by the department
2 under the authority of section 202 of this act.

3 (ii) The model ordinance may not include:

4 (A) Any classifications that are not used for state business and
5 occupation tax purposes;

6 (B) Any classifications for persons taxable under the state public
7 utility tax classification engaging in the following activities:
8 Hauling persons or property for hire by watercraft between points in
9 Washington; operating tugboats of any size and income from the sale of
10 transportation services by vessels over sixty-five feet; sales of
11 transportation services using vessels under sixty-five feet, other than
12 tugboats; or persons engaged in chartering or transporting persons by
13 water from one location in Washington to another location within this
14 state. This subsection (2)(g)(i)(B) does not include sightseeing tours
15 or activities that are in the nature of guided tours where the tour may
16 include some water transportation; and

17 (C) Any classifications for persons taxable under the state public
18 utility tax classifications of motor transportation or urban
19 transportation; and

20 (h)(i) A provision stating that the state business and occupation
21 tax definitions apply to the model ordinance and any city's business
22 and occupation tax in the same manner as they apply for purposes of
23 chapter 82.04 RCW. Any deviation in the model ordinance from these
24 definitions is only permitted when expressly provided for by statute.
25 If a deviation is allowed by statute, such definition must be stated in
26 full in the model ordinance. Further, any deviation in the definitions
27 allowed is subject to the publication requirements in subsection (5) of
28 this section.

29 (ii) Except as provided otherwise in this subsection, a city may
30 not, for purposes of its business and occupation tax, deviate from the
31 state business and occupation tax definitions in its ordinances, rules,
32 other public guidance, and interpretations.

33 (iii) For purposes of complying with this subsection (2)(h),
34 references to the department in state business and occupation tax
35 definitions must be construed as references to the city or cities,
36 unless the context clearly requires otherwise.

37 (iv) For purposes of complying with this subsection (2)(h),

1 references to the state in state business and occupation tax
2 definitions must be construed as references to the city or cities,
3 unless the context clearly requires otherwise.

4 (v) Any portion of a state business and occupation tax definition
5 that relates solely to sales or use tax or otherwise does not apply to
6 the tax imposed in chapter 82.04 RCW does not apply to the model
7 ordinance or business and occupation taxes imposed by the cities.

8 (vi) Except as otherwise provided in this section, the cities and
9 the model ordinance need not adopt any exclusionary language contained
10 in a state business and occupation tax definition, but only if the
11 exclusionary language has the effect of exempting a person, activity,
12 or income from the tax imposed in chapter 82.04 RCW.

13 (vii) Notwithstanding (h)(vi) of this subsection (2), a city may
14 not deviate from the exclusion in RCW 82.04.062 from the definitions of
15 "wholesale sale," "sale at wholesale," "retail sale," and "sale at
16 retail." Cities imposing a business and occupation tax must compute
17 tax on the business of making sales of precious metal bullion or
18 monetized bullion consistent with RCW 82.04.062.

19 (viii) Notwithstanding (h)(vii) of this subsection (2), cities may
20 not deviate from the exclusion in RCW 82.04.216 of steam, electricity,
21 and electrical energy from various terms denoting tangible items that
22 may be used, sold, or consumed.

23 (ix) Language in a state business and occupation tax definition
24 governing how the defined term is to be applied for state business and
25 occupation tax purposes also applies for purposes of city business and
26 occupation taxes.

27 (3) Tax classifications must be uniform among all cities and with
28 state business and occupation tax classifications.

29 (4) 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
32 provisions for tax rates, tax exemptions, tax credits, and tax
33 deductions.

34 ~~((+4))~~ (5) Any city that adopts an ordinance that deviates from
35 the nonmandatory provisions of the model ordinance (~~shall~~) must make
36 a description of such differences available to the department for
37 publication by the department to the public(~~(, in written and~~
38 ~~electronic form~~)).

1 **Sec. 103.** RCW 35.102.140 and 2003 c 79 s 14 are each amended to
2 read as follows:

3 ~~((Cities imposing business and occupation taxes must comply with
4 all requirements of RCW 35.102.020 through 35.102.130 by December 31,
5 2004. A city that has not complied with the requirements of RCW
6 35.102.020 through 35.102.130 by December 31, 2004, may not impose a
7 tax that is imposed by a city on the privilege of engaging in business
8 activities.))~~ (1) Cities imposing business and occupation taxes after
9 December 31, 2004, must comply with ~~((RCW 35.102.020 through
10 35.102.130))~~ this chapter.

11 (2) The department may issue official written guidance on any
12 provision of a city's business and occupation tax that is required by
13 this chapter to be administered consistently with the state business
14 and occupation tax. Any such official public guidance issued by the
15 department preempts any conflicting interpretation of the city.
16 Likewise, any official public guidance issued by the department on a
17 state business and occupation tax matter preempts any conflicting
18 interpretation by the city on a matter involving a provision of the
19 city's business and occupation tax that is required by this chapter to
20 be administered consistently with the state business and occupation
21 tax. Nothing in this subsection is intended to affect the
22 interpretation or application of a city's business and occupation tax
23 for periods before the effective date of this section.

24 **Sec. 104.** RCW 35.102.160 and 2006 c 301 s 6 are each amended to
25 read as follows:

26 (1) The provision of professional employer services by a
27 professional employer organization is taxable under a city's service
28 and other business activities classification. A city that imposes its
29 business and occupation tax on professional employer services performed
30 by a professional employer organization(~~(, regardless of the tax
31 classification applicable to such services, shall))~~) must provide a
32 deduction identical to the deduction in RCW 82.04.540(2).

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

1 NEW SECTION. **Sec. 105.** A new section is added to chapter 35.102
2 RCW to read as follows:

3 Beginning on the effective date of this section, the department may
4 adopt rules and issue interpretive and policy statements in accordance
5 with the administrative procedure act, chapter 34.05 RCW, as it
6 considers necessary or useful in enhancing uniformity between state and
7 city business and occupation taxes and in carrying out the department's
8 duties under this chapter. Such rules and interpretive and policy
9 statements take precedence over any conflicting rules and interpretive
10 or policy guidance issued by the cities. The department must seek
11 input from affected cities before issuing any rules and interpretive
12 and policy statements concerning city business and occupation taxes to
13 the extent required by chapter 34.05 RCW.

14 NEW SECTION. **Sec. 106.** A new section is added to chapter 35.102
15 RCW to read as follows:

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

21 **PART II**
22 **REDUCING STATE B&O TAX CLASSIFICATIONS**

23 NEW SECTION. **Sec. 201.** (1) The legislature finds that there are
24 currently over fifty tax classifications for purposes of the state
25 business and occupation tax. Most of these tax classifications were
26 created to provide a reduced tax rate to certain business activities.

27 (2) The legislature further finds that the considerable number of
28 state business and occupation tax classifications creates complexity
29 for taxpayers, increases opportunities for disputes between taxpayers
30 and the department of revenue, and is a major barrier to achieving
31 significant uniformity between state and local business and occupation
32 tax systems.

33 (3) Therefore, the legislature intends Part II of this act to
34 significantly reduce state business and occupation tax classifications
35 by:

1 (a) Consolidating the extracting and extracting for hire
2 classifications;

3 (b) Consolidating the public road construction and government
4 contracting classifications into the wholesaling classification; and

5 (c) Consolidating the public and nonprofit hospital and real estate
6 broker classifications into the catch-all service and other business
7 activities classification.

8 (4) Parts II and III of this act is not intended to materially
9 affect the tax burden of any person. If any provision of part II or
10 III of this act would, under a plain meaning analysis, materially
11 impact a person's tax liability, the legislature expresses its intent
12 that such provision should be deemed a mistake and interpreted to
13 achieve a result that is consistent with the legislature's intent as
14 described in this section.

15 NEW SECTION. **Sec. 202.** A new section is added to chapter 82.04
16 RCW to read as follows:

17 (1) Except as provided otherwise in subsection (2) of this section,
18 for purposes of reporting the tax due under this chapter in a way that
19 provides taxpayers with more consistency between state and city-imposed
20 business and occupation taxes or for ease of administration for the
21 department or taxpayers, the department may classify business
22 activities other than as provided in RCW 82.04.230 through 82.04.298.
23 However, new classifications created under the authority of this
24 section do not affect the tax rates applicable to the activities that
25 come within the new classifications.

26 (2) The department may not consolidate the manufacturing and
27 processing for hire classifications.

28 **Sec. 203.** RCW 82.04.060 and 2010 c 106 s 203 are each amended to
29 read as follows:

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

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

32 (a) Tangible personal property;

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

35 (c) Amusement or recreation services as defined in RCW
36 82.04.050(3)(a);

1 (d) Prewritten computer software;

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

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

4 (g) Competitive telephone service, ancillary services, or
5 telecommunications service as those terms are defined in RCW 82.04.065;
6 or

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

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

14 (3) The sale of any service for resale, if the sale is excluded
15 from the definition of "sale at retail" and "retail sale" in RCW
16 82.04.050(14); and

17 (4) Any sale of or charge made for labor and services if the sale
18 or charge is excluded from the definition of retail sale in RCW
19 82.04.050 (10) or (12). Nothing in this subsection may be construed as
20 affecting the status of persons providing such services to consumers as
21 provided in RCW 82.04.190.

22 **Sec. 204.** RCW 82.04.230 and 2006 c 300 s 5 are each amended to
23 read as follows:

24 (1) Upon every person engaging within this state in business as an
25 extractor or extractor for hire, except persons taxable as an extractor
26 or extractor for hire under any other provision in this chapter; as to
27 such persons the amount of the tax with respect to such business
28 (~~shall be~~) is, in the case of extractors, equal to the value of the
29 products, including by-products, extracted for sale or for commercial
30 or industrial use, and, in the case of extractors for hire, the gross
31 income of the business of extracting for hire, multiplied by the rate
32 of 0.484 percent.

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

1 **Sec. 205.** RCW 82.04.250 and 2010 1st sp.s. c 23 s 509 are each
2 reenacted and amended to read as follows:

3 (1) Upon every person engaging within this state in the business of
4 making sales at retail, except persons taxable (~~((as retailers))~~) under
5 other provisions of this chapter on the business of making sales at
6 retail, as to such persons, the amount of tax with respect to such
7 business is equal to the gross proceeds of sales of the business,
8 multiplied by the rate of 0.471 percent.

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

16 (3) Until July 1, 2024, upon every person classified by the federal
17 aviation administration as a federal aviation regulation part 145
18 certificated repair station and that is engaging within this state in
19 the business of making sales at retail that are exempt from the tax
20 imposed under chapter 82.08 RCW by reason of RCW 82.08.0261,
21 82.08.0262, or 82.08.0263, as to such persons, the amount of tax with
22 respect to such business is equal to the gross proceeds of sales of the
23 business, multiplied by the rate of .2904 percent.

24 **Sec. 206.** RCW 82.04.255 and 2011 c 322 s 2 are each amended to
25 read as follows:

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

31 (2) The measure of the tax on real estate commissions earned by the
32 real estate firm is the gross commission earned by the particular real
33 estate firm including that portion of the commission paid to brokers,
34 including designated and managing brokers, in the same firm on a
35 particular transaction. However, when a real estate commission on a
36 particular transaction is divided among real estate firms at the
37 closing of the transaction, including a firm located out of state, each

1 firm must pay the tax only upon its respective shares of said
2 commission. Moreover, when the real estate firm has paid the tax as
3 provided herein, brokers, including designated and managing brokers,
4 within the same real estate firm may not be required to pay a similar
5 tax upon the same transaction. If any firm located out of state
6 receives a share of commission on a particular transaction, that
7 company or broker must pay the tax based on the requirements of this
8 section and RCW 82.04.067.

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

12 **Sec. 207.** RCW 82.04.260 and 2012 2nd sp.s. c 6 s 602 and 2012 2nd
13 sp.s. c 6 s 204 are each reenacted and amended to read as follows:

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

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

22 ~~(b) Beginning July 1, 2015, seafood products that remain in a raw,
23 raw frozen, or raw salted state at the completion of the manufacturing
24 by that person; or selling manufactured seafood products that remain in
25 a raw, raw frozen, or raw salted state at the completion of the
26 manufacturing, to purchasers who transport in the ordinary course of
27 business the goods out of this state; as to such persons the amount of
28 tax with respect to such business is equal to the value of the products
29 manufactured or the gross proceeds derived from such sales, multiplied
30 by the rate of 0.138 percent. Sellers must keep and preserve records
31 for the period required by RCW 82.32.070 establishing that the goods
32 were transported by the purchaser in the ordinary course of business
33 out of this state;~~

34 ~~(c) Beginning July 1, 2015, dairy products that as of September 20,
35 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,
36 including by products from the manufacturing of the dairy products such
37 as whey and casein; or selling the same to purchasers who transport in~~

1 ~~the ordinary course of business the goods out of state; as to such~~
2 ~~persons the tax imposed is equal to the value of the products~~
3 ~~manufactured or the gross proceeds derived from such sales multiplied~~
4 ~~by the rate of 0.138 percent. Sellers must keep and preserve records~~
5 ~~for the period required by RCW 82.32.070 establishing that the goods~~
6 ~~were transported by the purchaser in the ordinary course of business~~
7 ~~out of this state;~~

8 ~~(d) Beginning July 1, 2015, fruits or vegetables by canning,~~
9 ~~preserving, freezing, processing, or dehydrating fresh fruits or~~
10 ~~vegetables, or selling at wholesale fruits or vegetables manufactured~~
11 ~~by the seller by canning, preserving, freezing, processing, or~~
12 ~~dehydrating fresh fruits or vegetables and sold to purchasers who~~
13 ~~transport in the ordinary course of business the goods out of this~~
14 ~~state; as to such persons the amount of tax with respect to such~~
15 ~~business is equal to the value of the products manufactured or the~~
16 ~~gross proceeds derived from such sales multiplied by the rate of 0.138~~
17 ~~percent. Sellers must keep and preserve records for the period~~
18 ~~required by RCW 82.32.070 establishing that the goods were transported~~
19 ~~by the purchaser in the ordinary course of business out of this state;~~

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

25 ~~(f) Wood biomass fuel as defined in RCW 82.29A.135; as to such~~
26 ~~persons the amount of tax with respect to the business is equal to the~~
27 ~~value of wood biomass fuel manufactured, multiplied by the rate of~~
28 ~~0.138 percent.~~

29 ~~(2) Upon every person engaging within this state in the business of~~
30 ~~splitting or processing dried peas; as to such persons the amount of~~
31 ~~tax with respect to such business is equal to the value of the peas~~
32 ~~split or processed, multiplied by the rate of 0.138 percent.~~

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

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

6 (+5)) (2) Upon every person engaging within this state in the
7 business of acting as a travel agent or tour operator; as to such
8 persons the amount of the tax with respect to such activities is equal
9 to the gross income derived from such activities multiplied by the rate
10 of 0.275 percent.

11 (+6)) (3) Upon every person engaging within this state in
12 business as an international steamship agent, international customs
13 house broker, international freight forwarder, vessel and/or cargo
14 charter broker in foreign commerce, and/or international air cargo
15 agent; as to such persons the amount of the tax with respect to only
16 international activities is equal to the gross income derived from such
17 activities multiplied by the rate of 0.275 percent.

18 (+7)) (4) Upon every person engaging within this state in the
19 business of stevedoring and associated activities pertinent to the
20 movement of goods and commodities in waterborne interstate or foreign
21 commerce; as to such persons the amount of tax with respect to such
22 business is equal to the gross proceeds derived from such activities
23 multiplied by the rate of 0.275 percent. Persons subject to taxation
24 under this subsection are exempt from payment of taxes imposed by
25 chapter 82.16 RCW for that portion of their business subject to
26 taxation under this subsection. Stevedoring and associated activities
27 pertinent to the conduct of goods and commodities in waterborne
28 interstate or foreign commerce are defined as all activities of a
29 labor, service or transportation nature whereby cargo may be loaded or
30 unloaded to or from vessels or barges, passing over, onto or under a
31 wharf, pier, or similar structure; cargo may be moved to a warehouse or
32 similar holding or storage yard or area to await further movement in
33 import or export or may move to a consolidation freight station and be
34 stuffed, unstuffed, containerized, separated or otherwise segregated or
35 aggregated for delivery or loaded on any mode of transportation for
36 delivery to its consignee. Specific activities included in this
37 definition are: Wharfage, handling, loading, unloading, moving of
38 cargo to a convenient place of delivery to the consignee or a

1 convenient place for further movement to export mode; documentation
2 services in connection with the receipt, delivery, checking, care,
3 custody and control of cargo required in the transfer of cargo;
4 imported automobile handling prior to delivery to consignee; terminal
5 stevedoring and incidental vessel services, including but not limited
6 to plugging and unplugging refrigerator service to containers,
7 trailers, and other refrigerated cargo receptacles, and securing ship
8 hatch covers.

9 ~~((+8))~~ (5)(a) Upon every person engaging within this state in the
10 business of disposing of low-level waste, as defined in RCW 43.145.010;
11 as to such persons the amount of the tax with respect to such business
12 is equal to the gross income of the business, excluding any fees
13 imposed under chapter 43.200 RCW, multiplied by the rate of 3.3
14 percent.

15 (b) If the gross income of the taxpayer is attributable to
16 activities both within and without this state, the gross income
17 attributable to this state must be determined in accordance with the
18 methods of apportionment required under RCW 82.04.460.

19 ~~((+9))~~ (6) Upon every person engaging within this state as an
20 insurance producer or title insurance agent licensed under chapter
21 48.17 RCW or a surplus line broker licensed under chapter 48.15 RCW; as
22 to such persons, the amount of the tax with respect to such licensed
23 activities is equal to the gross income of such business multiplied by
24 the rate of 0.484 percent.

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

32 ~~((+11))~~ (7)(a) Beginning October 1, 2005, upon every person engaging
33 within this state in the business of manufacturing commercial
34 airplanes, or components of such airplanes, or making sales, at retail
35 or wholesale, of commercial airplanes or components of such airplanes,
36 manufactured by the seller, as to such persons the amount of tax with
37 respect to such business is, in the case of manufacturers, equal to the

1 value of the product manufactured and the gross proceeds of sales of
2 the product manufactured, or in the case of processors for hire, equal
3 to the gross income of the business, multiplied by the rate of:

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

6 (b) Beginning July 1, 2008, upon every person who is not eligible
7 to report under the provisions of (a) of this subsection (~~((+11+))~~) (7)
8 and is engaging within this state in the business of manufacturing
9 tooling specifically designed for use in manufacturing commercial
10 airplanes or components of such airplanes, or making sales, at retail
11 or wholesale, of such tooling manufactured by the seller, as to such
12 persons the amount of tax with respect to such business is, in the case
13 of manufacturers, equal to the value of the product manufactured and
14 the gross proceeds of sales of the product manufactured, or in the case
15 of processors for hire, be equal to the gross income of the business,
16 multiplied by the rate of 0.2904 percent.

17 (c) For the purposes of this subsection (~~((+11+))~~) (7), "commercial
18 airplane" and "component" have the same meanings as provided in RCW
19 82.32.550.

20 (d) In addition to all other requirements under this title, a
21 person reporting under the tax rate provided in this subsection
22 (~~((+11+))~~) (7) must file a complete annual report with the department
23 under RCW 82.32.534.

24 (e) This subsection (~~((+11+))~~) (7) does not apply on and after July
25 1, 2024.

26 (~~((+12+))~~) (8)(a) Until July 1, 2024, upon every person engaging
27 within this state in the business of extracting timber or extracting
28 timber for hire (~~((+timber+))~~); as to such persons the amount of tax with
29 respect to the business is, in the case of extractors, equal to the
30 value of products, including by-products, extracted, or in the case of
31 extractors for hire, equal to the gross income of the business,
32 multiplied by the rate of 0.4235 percent from July 1, 2006, through
33 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
34 2024.

35 (b) Until July 1, 2024, upon every person engaging within this
36 state in the business of manufacturing or processing for hire: (i)
37 Timber into timber products or wood products; or (ii) timber products
38 into other timber products or wood products; as to such persons the

1 amount of the tax with respect to the business is, in the case of
2 manufacturers, equal to the value of products, including by-products,
3 manufactured, or in the case of processors for hire, equal to the gross
4 income of the business, multiplied by the rate of 0.4235 percent from
5 July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1,
6 2007, through June 30, 2024.

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

17 (d) Until July 1, 2024, upon every person engaging within this
18 state in the business of selling standing timber; as to such persons
19 the amount of the tax with respect to the business is equal to the
20 gross income of the business multiplied by the rate of 0.2904 percent.
21 For purposes of this subsection (~~((+12+))~~) (8)(d), "selling standing
22 timber" means the sale of timber apart from the land, where the buyer
23 is required to sever the timber within thirty months from the date of
24 the original contract, regardless of the method of payment for the
25 timber and whether title to the timber transfers before, upon, or after
26 severance.

27 (e) For purposes of this subsection, the following definitions
28 apply:

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

32 (ii) "Paper and paper products" means products made of interwoven
33 cellulosic fibers held together largely by hydrogen bonding. "Paper
34 and paper products" includes newsprint; office, printing, fine, and
35 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
36 kraft bag, construction, and other kraft industrial papers; paperboard,
37 liquid packaging containers, containerboard, corrugated, and solid-
38 fiber containers including linerboard and corrugated medium; and

1 related types of cellulosic products containing primarily, by weight or
2 volume, cellulosic materials. "Paper and paper products" does not
3 include books, newspapers, magazines, periodicals, and other printed
4 publications, advertising materials, calendars, and similar types of
5 printed materials.

6 (iii) "Recycled paper" means paper and paper products having fifty
7 percent or more of their fiber content that comes from postconsumer
8 waste. For purposes of this subsection (~~((+12+))~~) (8)(e)(iii),
9 "postconsumer waste" means a finished material that would normally be
10 disposed of as solid waste, having completed its life cycle as a
11 consumer item.

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

16 (v) "Timber products" means:

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

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

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

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

28 (f) Except for small harvesters as defined in RCW 84.33.035, a
29 person reporting under the tax rate provided in this subsection
30 (~~((+12+))~~) (8) must file a complete annual survey with the department
31 under RCW 82.32.585.

32 (~~((+13+))~~) (9) Upon every person engaging within this state in
33 inspecting, testing, labeling, and storing canned salmon owned by
34 another person, as to such persons, the amount of tax with respect to
35 such activities is equal to the gross income derived from such
36 activities multiplied by the rate of 0.484 percent.

37 (~~((+14+))~~) (10)(a) Upon every person engaging within this state in
38 the business of printing a newspaper, publishing a newspaper, or both,

1 the amount of tax on such business is equal to the gross income of the
2 business multiplied by the rate of 0.365 percent through June 30, 2013,
3 and beginning July 1, 2013, multiplied by the rate of 0.35 percent.

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

7 **Sec. 208.** RCW 82.04.260 and 2012 2nd sp.s. c 6 s 204 are each
8 amended to read as follows:

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

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

17 ~~(b) Beginning July 1, 2015, seafood products that remain in a raw,
18 raw frozen, or raw salted state at the completion of the manufacturing
19 by that person; or selling manufactured seafood products that remain in
20 a raw, raw frozen, or raw salted state at the completion of the
21 manufacturing, to purchasers who transport in the ordinary course of
22 business the goods out of this state; as to such persons the amount of
23 tax with respect to such business is equal to the value of the products
24 manufactured or the gross proceeds derived from such sales, multiplied
25 by the rate of 0.138 percent. Sellers must keep and preserve records
26 for the period required by RCW 82.32.070 establishing that the goods
27 were transported by the purchaser in the ordinary course of business
28 out of this state;~~

29 ~~(c) Beginning July 1, 2015, dairy products that as of September 20,
30 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,
31 including by products from the manufacturing of the dairy products such
32 as whey and casein; or selling the same to purchasers who transport in
33 the ordinary course of business the goods out of state; as to such
34 persons the tax imposed is equal to the value of the products
35 manufactured or the gross proceeds derived from such sales multiplied
36 by the rate of 0.138 percent. Sellers must keep and preserve records~~

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

4 ~~(d) Beginning July 1, 2015, fruits or vegetables by canning,~~
5 ~~preserving, freezing, processing, or dehydrating fresh fruits or~~
6 ~~vegetables, or selling at wholesale fruits or vegetables manufactured~~
7 ~~by the seller by canning, preserving, freezing, processing, or~~
8 ~~dehydrating fresh fruits or vegetables and sold to purchasers who~~
9 ~~transport in the ordinary course of business the goods out of this~~
10 ~~state; as to such persons the amount of tax with respect to such~~
11 ~~business is equal to the value of the products manufactured or the~~
12 ~~gross proceeds derived from such sales multiplied by the rate of 0.138~~
13 ~~percent. — Sellers must keep and preserve records for the period~~
14 ~~required by RCW 82.32.070 establishing that the goods were transported~~
15 ~~by the purchaser in the ordinary course of business out of this state;~~

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

21 ~~(f) Wood biomass fuel as defined in RCW 82.29A.135; as to such~~
22 ~~persons the amount of tax with respect to the business is equal to the~~
23 ~~value of wood biomass fuel manufactured, multiplied by the rate of~~
24 ~~0.138 percent.~~

25 ~~(2) Upon every person engaging within this state in the business of~~
26 ~~splitting or processing dried peas; as to such persons the amount of~~
27 ~~tax with respect to such business is equal to the value of the peas~~
28 ~~split or processed, multiplied by the rate of 0.138 percent.~~

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

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

1 ~~(5)~~) (2) Upon every person engaging within this state in the
2 business of acting as a travel agent or tour operator; as to such
3 persons the amount of the tax with respect to such activities is equal
4 to the gross income derived from such activities multiplied by the rate
5 of 0.275 percent.

6 ~~((6))~~ (3) Upon every person engaging within this state in
7 business as an international steamship agent, international customs
8 house broker, international freight forwarder, vessel and/or cargo
9 charter broker in foreign commerce, and/or international air cargo
10 agent; as to such persons the amount of the tax with respect to only
11 international activities is equal to the gross income derived from such
12 activities multiplied by the rate of 0.275 percent.

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

1 to plugging and unplugging refrigerator service to containers,
2 trailers, and other refrigerated cargo receptacles, and securing ship
3 hatch covers.

4 ~~((+8))~~ (5)(a) Upon every person engaging within this state in the
5 business of disposing of low-level waste, as defined in RCW 43.145.010;
6 as to such persons the amount of the tax with respect to such business
7 is equal to the gross income of the business, excluding any fees
8 imposed under chapter 43.200 RCW, multiplied by the rate of 3.3
9 percent.

10 (b) If the gross income of the taxpayer is attributable to
11 activities both within and without this state, the gross income
12 attributable to this state must be determined in accordance with the
13 methods of apportionment required under RCW 82.04.460.

14 ~~((+9))~~ (6) Upon every person engaging within this state as an
15 insurance producer or title insurance agent licensed under chapter
16 48.17 RCW or a surplus line broker licensed under chapter 48.15 RCW; as
17 to such persons, the amount of the tax with respect to such licensed
18 activities is equal to the gross income of such business multiplied by
19 the rate of 0.484 percent.

20 ~~((+10) Upon every person engaging within this state in business as
21 a hospital, as defined in chapter 70.41 RCW, that is operated as a
22 nonprofit corporation or by the state or any of its political
23 subdivisions, as to such persons, the amount of tax with respect to
24 such activities is equal to the gross income of the business multiplied
25 by the rate of 0.75 percent through June 30, 1995, and 1.5 percent
26 thereafter.~~

27 ~~((+11))~~ (7)(a) Beginning October 1, 2005, upon every person engaging
28 within this state in the business of manufacturing commercial
29 airplanes, or components of such airplanes, or making sales, at retail
30 or wholesale, of commercial airplanes or components of such airplanes,
31 manufactured by the seller, as to such persons the amount of tax with
32 respect to such business is, in the case of manufacturers, equal to the
33 value of the product manufactured and the gross proceeds of sales of
34 the product manufactured, or in the case of processors for hire, equal
35 to the gross income of the business, multiplied by the rate of:

- 36 (i) 0.4235 percent from October 1, 2005, through June 30, 2007; and
- 37 (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+))~~) (7)
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+))~~) (7), "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+))~~) (7) must file a complete annual report with the department
18 under RCW 82.32.534.

19 (e) This subsection (~~((+11+))~~) (7) does not apply on and after July
20 1, 2024.

21 (~~((+12+))~~) (8)(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+))~~) (8)(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+))~~) (8)(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+))~~) (8) must file a complete annual survey with the department
28 under RCW 82.32.585.

29 (~~((+13+))~~) (9) Upon every person engaging within this state in
30 inspecting, testing, labeling, and storing canned salmon owned by
31 another person, as to such persons, the amount of tax with respect to
32 such activities is equal to the gross income derived from such
33 activities multiplied by the rate of 0.484 percent.

34 (~~((+14+))~~) (10)(a) Upon every person engaging within this state in
35 the business of printing a newspaper, publishing a newspaper, or both,
36 the 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))~~) (10) must file a complete annual report with the
3 department under RCW 82.32.534.

4 **Sec. 209.** 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; (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))~~) or
24 operating a cold storage warehouse or storage warehouse, but not
25 including the rental of cold storage lockers; (~~((+e))~~) (c) representing
26 and 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))~~) or (d) 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 NEW SECTION. **Sec. 210.** The following acts or parts of acts are
26 each repealed:

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

29 (2) RCW 82.04.2909 (Tax on aluminum smelters) and 2011 c 174 s 301;

30 (3) RCW 82.04.294 (Tax on manufacturers or wholesalers of solar
31 energy systems) and 2011 c 179 s 1, 2010 c 114 s 109, 2009 c 469 s 501,
32 2007 c 54 s 8, & 2005 c 301 s 2;

33 (4) RCW 35.102.120 (Definitions--Tax classifications) and 2003 c 79
34 s 12;

35 (5) 2010 c 114 s 104;

36 (6) 2003 c 149 s 3;

37 (7) 2010 c 106 s 206;

- 1 (8) 2009 c 461 s 3;
2 (9) 2006 c 300 s 7; and
3 (10) 2003 c 149 s 4.

4 **Sec. 211.** RCW 35.102.150 and 2011 c 174 s 201 are each amended to
5 read as follows:

6 Notwithstanding RCW 35.102.130, a city that imposes a business and
7 occupation tax must allocate a person's gross income from the
8 activities of printing, and of publishing newspapers, periodicals, or
9 magazines, to the principal place in this state from which the
10 taxpayer's business is directed or managed. As used in this section,
11 the activities of printing, and of publishing newspapers, periodicals,
12 or magazines are those activities to which the tax rates in RCW
13 82.04.260(~~((+13))~~) (10) and 82.04.280(1)(a) apply.

14 **Sec. 212.** RCW 48.14.080 and 2010 1st sp.s. c 23 s 520 are each
15 amended to read as follows:

16 (1) As to insurers, other than title insurers and taxpayers under
17 RCW 48.14.0201, the taxes imposed by this title are in lieu of all
18 other taxes, except as otherwise provided in this section.

19 (2) Subsection (1) of this section does not apply with respect to:

20 (a) Taxes on real and tangible personal property;

21 (b) Excise taxes on the sale, purchase, use, or possession of (i)
22 real property; (ii) tangible personal property; (iii) extended
23 warranties; (iv) services, including digital automated services as
24 defined in RCW 82.04.192; and (v) digital goods and digital codes as
25 those terms are defined in RCW 82.04.192; and

26 (c) The tax imposed in (~~RCW 82.04.260(9), regarding~~) chapter
27 82.04 RCW on public and nonprofit hospitals.

28 (3) For the purposes of this section, the term "taxes" includes
29 taxes imposed by the state or any county, city, town, municipal
30 corporation, quasi-municipal corporation, or other political
31 subdivision.

32 **Sec. 213.** RCW 82.04.261 and 2010 1st sp.s. c 23 s 510 are each
33 amended to read as follows:

34 (1) In addition to the taxes imposed under RCW 82.04.260(~~((+11))~~)
35 (8), a surcharge is imposed on those persons who are subject to any of

1 the taxes imposed under RCW 82.04.260(~~((+11+))~~) (8). Except as otherwise
2 provided in this section, the surcharge is equal to 0.052 percent. The
3 surcharge is added to the rates provided in RCW 82.04.260(~~((+11+))~~) (8)
4 (a), (b), (c), and (d). The surcharge and this section expire July 1,
5 2024.

6 (2) All receipts from the surcharge imposed under this section must
7 be deposited into the forest and fish support account created in RCW
8 76.09.405.

9 (3)(a) The surcharge imposed under this section is suspended if:

10 (i) Receipts from the surcharge total at least eight million
11 dollars during any fiscal biennium; or

12 (ii) The office of financial management certifies to the department
13 that the federal government has appropriated at least two million
14 dollars for participation in forest and fish report-related activities
15 by federally recognized Indian tribes located within the geographical
16 boundaries of the state of Washington for any federal fiscal year.

17 (b)(i) The suspension of the surcharge under (a)(i) of this
18 subsection (3) takes effect on the first day of the calendar month that
19 is at least thirty days after the end of the month during which the
20 department determines that receipts from the surcharge total at least
21 eight million dollars during the fiscal biennium. The surcharge is
22 imposed again at the beginning of the following fiscal biennium.

23 (ii) The suspension of the surcharge under (a)(ii) of this
24 subsection (3) takes effect on the later of the first day of October of
25 any federal fiscal year for which the federal government appropriates
26 at least two million dollars 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, or the
29 first day of a calendar month that is at least thirty days following
30 the date that the office of financial management makes a certification
31 to the department under subsection (5) of this section. The surcharge
32 is imposed again on the first day of the following July.

33 (4)(a) If, by October 1st of any federal fiscal year, the office of
34 financial management certifies to the department that the federal
35 government has appropriated funds for participation in forest and fish
36 report-related activities by federally recognized Indian tribes located
37 within the geographical boundaries of the state of Washington but the

1 amount of the appropriation is less than two million dollars, the
2 department must adjust the surcharge in accordance with this
3 subsection.

4 (b) The department must adjust the surcharge by an amount that the
5 department estimates will cause the amount of funds deposited into the
6 forest and fish support account for the state fiscal year that begins
7 July 1st and that includes the beginning of the federal fiscal year for
8 which the federal appropriation is made, to be reduced by twice the
9 amount of the federal appropriation for participation in forest and
10 fish report-related activities by federally recognized Indian tribes
11 located within the geographical boundaries of the state of Washington.

12 (c) Any adjustment in the surcharge takes effect at the beginning
13 of a calendar month that is at least thirty days after the date that
14 the office of financial management makes the certification under
15 subsection (5) of this section.

16 (d) The surcharge is imposed again at the rate provided in
17 subsection (1) of this section on the first day of the following state
18 fiscal year unless the surcharge is suspended under subsection (3) of
19 this section or adjusted for that fiscal year under this subsection.

20 (e) Adjustments of the amount of the surcharge by the department
21 are final and may not be used to challenge the validity of the
22 surcharge imposed under this section.

23 (f) The department must provide timely notice to affected taxpayers
24 of the suspension of the surcharge or an adjustment of the surcharge.

25 (5) The office of financial management must make the certification
26 to the department as to the status of federal appropriations for tribal
27 participation in forest and fish report-related activities.

28 **Sec. 214.** RCW 82.04.270 and 2004 c 24 s 5 are each amended to read
29 as follows:

30 Upon every person engaging within this state in the business of
31 making sales at wholesale, except persons taxable (~~as wholesalers~~)
32 under other provisions of this chapter on the business of making sales
33 at wholesale; as to such persons the amount of tax with respect to such
34 business (~~shall be~~) is equal to the gross proceeds of sales of such
35 business multiplied by the rate of 0.484 percent.

1 **Sec. 215.** 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(~~(7)~~) 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(~~(7)~~); and

12 (~~(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 research and
15 development in the physical, engineering, and life sciences (such as
16 agriculture, bacteriological, biotechnology, chemical, life sciences,
17 and physical science research and development laboratories or
18 services).

19 **Sec. 216.** RCW 82.04.298 and 2011 c 2 s 204 are each amended to
20 read as follows:

21 (1) The amount of tax with respect to a qualified grocery
22 distribution cooperative's sales of groceries or related goods for
23 resale, excluding (~~(items subject to tax under RCW 82.04.260(4))~~)
24 qualifying meat products, to customer-owners of the grocery
25 distribution cooperative is equal to the gross proceeds of sales of the
26 grocery distribution cooperative multiplied by the rate of one and
27 one-half percent.

28 (2) A qualified grocery distribution cooperative is allowed a
29 deduction from the gross proceeds of sales of groceries or related
30 goods for resale, excluding (~~(items subject to tax under RCW~~
31 ~~82.04.260(4))~~) qualifying meat products, to customer-owners of the
32 grocery distribution cooperative that is equal to the portion of the
33 gross proceeds of sales for resale that represents the actual cost of
34 the merchandise sold by the grocery distribution cooperative to
35 customer-owners.

36 (3) The definitions in this subsection apply throughout this
37 section unless the context clearly requires otherwise.

1 (a) "Grocery distribution cooperative" means an entity that sells
2 groceries and related items to customer-owners of the grocery
3 distribution cooperative and has customer-owners, in the aggregate, who
4 own a majority of the outstanding ownership interests of the grocery
5 distribution cooperative or of the entity controlling the grocery
6 distribution cooperative. "Grocery distribution cooperative" includes
7 an entity that controls a grocery distribution cooperative.

8 (b) "Qualified grocery distribution cooperative" means:

9 (i) A grocery distribution cooperative that has been determined by
10 a court of record of the state of Washington to be not engaged in
11 wholesaling or making sales at wholesale, within the meaning of RCW
12 82.04.270 or any similar provision of a municipal ordinance that
13 imposes a tax on gross receipts, gross proceeds of sales, or gross
14 income, with respect to purchases made by customer-owners, and
15 subsequently changes its form of doing business to make sales at
16 wholesale of groceries or related items to its customer-owners; or

17 (ii) A grocery distribution cooperative that has acquired
18 substantially all of the assets of a grocery distribution cooperative
19 described in (b)(i) of this subsection.

20 (c) "Customer-owner" means a person who has an ownership interest
21 in a grocery distribution cooperative and purchases groceries and
22 related items at wholesale from that grocery distribution cooperative.

23 (d) "Controlling" means holding fifty percent or more of the voting
24 interests of an entity and having at least equal power to direct or
25 cause the direction of the management and policies of the entity,
26 whether through the ownership of voting securities, by contract, or
27 otherwise.

28 (e) "Qualifying meat product" has the same meaning as provided in
29 section 306 of this act.

30 **Sec. 217.** RCW 82.04.334 and 2010 1st sp.s. c 23 s 512 are each
31 amended to read as follows:

32 This chapter does not apply to any sale of standing timber excluded
33 from the definition of "sale" in RCW 82.45.010(3). The definitions in
34 RCW 82.04.260(~~((11))~~) (8) apply to this section.

35 **Sec. 218.** RCW 82.04.440 and 2011 c 2 s 205 are each amended to
36 read as follows:

1 (1) Every person engaged in activities that are subject to tax
2 under two or more provisions of RCW 82.04.230 through 82.04.298,
3 inclusive, is taxable under each provision applicable to those
4 activities.

5 (2) Persons taxable under RCW (~~((82.04.2909(2),~~) 82.04.250,
6 82.04.270, (~~((82.04.294(2),~~) or 82.04.260 (~~((1)(b), (c), or (d), (4),~~
7 ~~(11), or (12))~~) (7) or (8)(c) with respect to selling products in this
8 state, including those persons who are also taxable under RCW
9 82.04.261, are allowed a credit against those taxes for any (a)
10 manufacturing taxes paid with respect to the manufacturing of products
11 so sold in this state, and/or (b) extracting taxes paid with respect to
12 the extracting of products so sold in this state or ingredients of
13 products so sold in this state. Extracting taxes taken as credit under
14 subsection (3) of this section may also be taken under this subsection,
15 if otherwise allowable under this subsection. The amount of the credit
16 may not exceed the tax liability arising under this chapter with
17 respect to the sale of those products.

18 (3) Persons taxable as manufacturers under RCW 82.04.240 or
19 82.04.260 (~~((1)(b) or (12))~~) (8), including those persons who are also
20 taxable under RCW 82.04.261, are allowed a credit against those taxes
21 for any extracting taxes paid with respect to extracting the
22 ingredients of the products so manufactured in this state. The amount
23 of the credit may not exceed the tax liability arising under this
24 chapter with respect to the manufacturing of those products.

25 (4) Persons taxable under RCW 82.04.230, 82.04.240,
26 (~~((82.04.2909(1), 82.04.294(1), 82.04.2404,~~) or 82.04.260 (~~((1), (2),~~
27 ~~(4), (11), or (12))~~) (7) or (8), including those persons who are also
28 taxable under RCW 82.04.261, with respect to extracting or
29 manufacturing products in this state are allowed a credit against those
30 taxes for any (i) gross receipts taxes paid to another state with
31 respect to the sales of the products so extracted or manufactured in
32 this state, (ii) manufacturing taxes paid with respect to the
33 manufacturing of products using ingredients so extracted in this state,
34 or (iii) manufacturing taxes paid with respect to manufacturing
35 activities completed in another state for products so manufactured in
36 this state. The amount of the credit may not exceed the tax liability
37 arising under this chapter with respect to the extraction or
38 manufacturing of those products.

1 (5) For the purpose of this section:

2 (a) "Gross receipts tax" means a tax:

3 (i) Which is imposed on or measured by the gross volume of
4 business, in terms of gross receipts or in other terms, and in the
5 determination of which the deductions allowed would not constitute the
6 tax an income tax or value added tax; and

7 (ii) Which is also not, pursuant to law or custom, separately
8 stated from the sales price.

9 (b) "State" means (i) the state of Washington, (ii) a state of the
10 United States other than Washington, or any political subdivision of
11 such other state, (iii) the District of Columbia, and (iv) any foreign
12 country or political subdivision thereof.

13 (c) "Manufacturing tax" means a gross receipts tax imposed on the
14 act or privilege of engaging in business as a manufacturer, and
15 includes (i) the taxes imposed on persons who are engaged in business
16 as a manufacturer in RCW 82.04.240(~~(, 82.04.2404, 82.04.2909(1),)~~) and
17 82.04.260 ((~~(1), (2), (4), (11), and (12), and 82.04.294(1)~~)) (7) or
18 (8); (ii) the tax imposed under RCW 82.04.261 on persons who are
19 engaged in business as a manufacturer; and (iii) similar gross receipts
20 taxes paid to other states.

21 (d) "Extracting tax" means a gross receipts tax imposed on the act
22 or privilege of engaging in business as an extractor, and includes (i)
23 the tax imposed on extractors in RCW 82.04.230 and 82.04.260(~~((12))~~)
24 (8); (ii) the tax imposed under RCW 82.04.261 on persons who are
25 engaged in business as an extractor; and (iii) similar gross receipts
26 taxes paid to other states.

27 (e) "Business", "manufacturer", "extractor", and other terms used
28 in this section have the meanings given in RCW 82.04.020 through
29 (~~(82.04.212 [82.04.217])~~) 82.04.217, notwithstanding the use of those
30 terms in the context of describing taxes imposed by other states.

31 **Sec. 219.** RCW 82.04.4451 and 2010 1st sp.s. c 23 s 1102 are each
32 amended to read as follows:

33 (1) In computing the tax imposed under this chapter, a credit is
34 allowed against the amount of tax otherwise due under this chapter, as
35 provided in this section. Except for taxpayers that report at least
36 fifty percent of their taxable amount under RCW (~~(82.04.255,)~~)
37 82.04.290(2)(a)(~~(7)~~) and 82.04.285, the maximum credit for a taxpayer

1 for a reporting period is thirty-five dollars multiplied by the number
2 of months in the reporting period, as determined under RCW 82.32.045.
3 For a taxpayer that reports at least fifty percent of its taxable
4 amount under RCW (~~(82.04.255,)~~) 82.04.290(2)(a)(~~(7)~~) and 82.04.285, the
5 maximum credit for a reporting period is seventy dollars multiplied by
6 the number of months in the reporting period, as determined under RCW
7 82.32.045.

8 (2) When the amount of tax otherwise due under this chapter is
9 equal to or less than the maximum credit, a credit is allowed equal to
10 the amount of tax otherwise due under this chapter.

11 (3) When the amount of tax otherwise due under this chapter exceeds
12 the maximum credit, a reduced credit is allowed equal to twice the
13 maximum credit, minus the tax otherwise due under this chapter, but not
14 less than zero.

15 (4) The department may prepare a tax credit table consisting of tax
16 ranges using increments of no more than five dollars and a
17 corresponding tax credit to be applied to those tax ranges. The table
18 (~~(shall)~~) must be prepared in such a manner that no taxpayer will owe
19 a greater amount of tax by using the table than would be owed by
20 performing the calculation under subsections (1) through (3) of this
21 section. A table prepared by the department under this subsection must
22 be used by all taxpayers in taking the credit provided in this section.

23 **Sec. 220.** 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+)~~) (7)(b), or 82.04.250(3); or

9 (ii) Property taxes attributable to an increase in assessed value
10 due to the renovation or expansion, after: (A) December 1, 2003, of a
11 building used exclusively in manufacturing commercial airplanes or
12 components of such airplanes; and (B) June 30, 2008, of buildings used
13 exclusively for aerospace product development, manufacturing tooling
14 specifically designed for use in manufacturing commercial airplanes or
15 their components, or in providing aerospace services, by persons not
16 within the scope of (a)(ii)(A) of this subsection (2) and are taxable
17 under RCW 82.04.290(3), 82.04.260(~~(+10+)~~) (7)(b), or 82.04.250(3); and

18 (b) An amount equal to:

19 (i)(A) Property taxes paid, by persons taxable under RCW
20 82.04.260(~~(+10+)~~) (7)(a), on machinery and equipment exempt under RCW
21 82.08.02565 or 82.12.02565 and acquired after December 1, 2003;

22 (B) Property taxes paid, by persons taxable under RCW
23 82.04.260(~~(+10+)~~) (7)(b), on machinery and equipment exempt under RCW
24 82.08.02565 or 82.12.02565 and acquired after June 30, 2008; or

25 (C) Property taxes paid, by persons taxable under RCW 82.04.250(3)
26 or 82.04.290(3), on computer hardware, computer peripherals, and
27 software exempt under RCW 82.08.975 or 82.12.975 and acquired after
28 June 30, 2008.

29 (ii) For purposes of determining the amount eligible for credit
30 under (i)(A) and (B) of this subsection (2)(b), the amount of property
31 taxes paid is multiplied by a fraction.

32 (A) The numerator of the fraction is the total taxable amount
33 subject to the tax imposed under RCW 82.04.260(~~(+10+)~~) (7) (a) or (b)
34 on the applicable business activities of manufacturing commercial
35 airplanes, components of such airplanes, or tooling specifically
36 designed for use in the manufacturing of commercial airplanes or
37 components of such airplanes.

1 (B) The denominator of the fraction is the total taxable amount
2 subject to the tax imposed under all manufacturing classifications in
3 chapter 82.04 RCW.

4 (C) For purposes of both the numerator and denominator of the
5 fraction, the total taxable amount refers to the total taxable amount
6 required to be reported on the person's returns for the calendar year
7 before the calendar year in which the credit under this section is
8 earned. The department may provide for an alternative method for
9 calculating the numerator in cases where the tax rate provided in RCW
10 82.04.260(~~(+10)~~) (7) for manufacturing was not in effect during the
11 full calendar year before the calendar year in which the credit under
12 this section is earned.

13 (D) No credit is available under (b)(i)(A) or (B) of this
14 subsection (2) if either the numerator or the denominator of the
15 fraction is zero. If the fraction is greater than or equal to nine-
16 tenths, then the fraction is rounded to one.

17 (E) As used in (b)(ii)(C) of this subsection (2), "returns" means
18 the tax returns for which the tax imposed under this chapter is
19 reported to the department.

20 (3) The definitions in this subsection apply throughout this
21 section, unless the context clearly indicates otherwise.

22 (a) "Aerospace product development" has the same meaning as
23 provided in RCW 82.04.4461.

24 (b) "Aerospace services" has the same meaning given in RCW
25 82.08.975.

26 (c) "Commercial airplane" and "component" have the same meanings as
27 provided in RCW 82.32.550.

28 (4) A credit earned during one calendar year may be carried over to
29 be credited against taxes incurred in a subsequent calendar year, but
30 may not be carried over a second year. No refunds may be granted for
31 credits under this section.

32 (5) In addition to all other requirements under this title, a
33 person claiming the credit under this section must file a complete
34 annual report with the department under RCW 82.32.534.

35 (6) This section expires July 1, 2024.

36 **Sec. 221.** RCW 82.04.460 and 2011 c 174 s 203 are each amended to
37 read as follows:

1 (1) Except as otherwise provided in this section, any person
2 earning apportionable income taxable under this chapter and also
3 taxable in another state must, for the purpose of computing tax
4 liability under this chapter, apportion to this state, in accordance
5 with RCW 82.04.462, that portion of the person's apportionable income
6 derived from business activities performed within this state.

7 (2) The department must by rule provide a method of apportioning
8 the apportionable income of financial institutions, where such
9 apportionable income is taxable under RCW 82.04.290. The rule adopted
10 by the department must, to the extent feasible, be consistent with the
11 multistate tax commission's recommended formula for the apportionment
12 and allocation of net income of financial institutions as existing on
13 June 1, 2010, or such subsequent date as may be provided by the
14 department by rule, consistent with the purposes of this section,
15 except that:

16 (a) The department's rule must provide for a single factor
17 apportionment method based on the receipts factor; and

18 (b) The definition of "financial institution" contained in appendix
19 A to the multistate tax commission's recommended formula for the
20 apportionment and allocation of net income of financial institutions is
21 advisory only.

22 (3) The department may by rule provide a method or methods of
23 apportioning or allocating gross income derived from sales of
24 telecommunications service and competitive telephone service taxed
25 under this chapter, if the gross proceeds of sales subject to tax under
26 this chapter do not fairly represent the extent of the taxpayer's
27 income attributable to this state. The rule must provide for an
28 equitable and constitutionally permissible division of the tax base.

29 (4) For purposes of this section, the following definitions apply
30 unless the context clearly requires otherwise:

31 (a) "Apportionable income" means gross income of the business
32 generated from engaging in apportionable activities, including income
33 received from apportionable activities performed outside this state if
34 the income would be taxable under this chapter if received from
35 activities in this state, less the exemptions and deductions allowable
36 under this chapter. For purposes of this subsection, "apportionable
37 activities" means only those activities taxed under:

38 (i) (~~RCW 82.04.255;~~

1 ~~(ii))~~ RCW 82.04.260 (~~(3), (4), (5), (6), (7), (8), (9), and~~
2 ~~(12))~~ (2) through (7) and (10);

3 ~~((iii))~~ (ii) RCW 82.04.280(1)~~((e))~~ (c);

4 ~~((iv))~~ (iii) RCW 82.04.285;

5 ~~((v))~~ (iv) RCW 82.04.286;

6 ~~((vi))~~ (v) RCW 82.04.290;

7 ~~((vii))~~ (vi) RCW 82.04.2907;

8 ~~((viii))~~ (vii) RCW 82.04.2908;

9 ~~((ix))~~ (viii) RCW 82.04.263, but only to the extent of any
10 activity that would be taxable under any of the provisions enumerated
11 under (a)(i) through ~~((viii))~~ (vii) of this subsection (4) if the tax
12 classification in RCW 82.04.263 did not exist; and

13 ~~((x))~~ (ix) RCW 82.04.260~~((13))~~ (10) and 82.04.280(1)(a), but
14 only with respect to advertising.

15 (b)(i) "Taxable in another state" means that the taxpayer is
16 subject to a business activities tax by another state on its income
17 received from engaging in apportionable activities; or the taxpayer is
18 not subject to a business activities tax by another state on its income
19 received from engaging in apportionable activities, but any other state
20 has jurisdiction to subject the taxpayer to a business activities tax
21 on such income under the substantial nexus standards in RCW
22 82.04.067(1).

23 (ii) For purposes of this subsection (4)(b), "business activities
24 tax" and "state" have the same meaning as in RCW 82.04.462.

25 **Sec. 222.** RCW 82.08.806 and 2011 c 174 s 204 are each amended to
26 read as follows:

27 (1) The tax levied by RCW 82.08.020 does not apply to sales, to a
28 printer or publisher, of computer equipment, including repair parts and
29 replacement parts for such equipment, when the computer equipment is
30 used primarily in the printing or publishing of any printed material,
31 or to sales of or charges made for labor and services rendered in
32 respect to installing, repairing, cleaning, altering, or improving the
33 computer equipment. This exemption applies only to computer equipment
34 not otherwise exempt under RCW 82.08.02565.

35 (2) A person taking the exemption under this section must keep
36 records necessary for the department to verify eligibility under this
37 section. This exemption is available only when the purchaser provides

1 the seller with an exemption certificate in a form and manner
2 prescribed by the department. The seller must retain a copy of the
3 certificate for the seller's files.

4 (3) The definitions in this subsection (3) apply throughout this
5 section, unless the context clearly requires otherwise.

6 (a) "Computer" has the same meaning as in RCW 82.04.215.

7 (b) "Computer equipment" means a computer and the associated
8 physical components that constitute a computer system, including
9 monitors, keyboards, printers, modems, scanners, pointing devices, and
10 other computer peripheral equipment, cables, servers, and routers.
11 "Computer equipment" also includes digital cameras and computer
12 software.

13 (c) "Computer software" has the same meaning as in RCW 82.04.215.

14 (d) "Primarily" means greater than fifty percent as measured by
15 time.

16 (e) "Printer or publisher" means a person, as defined in RCW
17 82.04.030, who is subject to tax under RCW 82.04.260(~~(+13+)~~) (10) or
18 82.04.280(1)(a).

19 (4) "Computer equipment" does not include computer equipment that
20 is used primarily for administrative purposes including but not limited
21 to payroll processing, accounting, customer service, telemarketing, and
22 collection. If computer equipment is used simultaneously for
23 administrative and nonadministrative purposes, the administrative use
24 must be disregarded during the period of simultaneous use for purposes
25 of determining whether the computer equipment is used primarily for
26 administrative purposes.

27 **Sec. 223.** RCW 82.32.045 and 2010 1st sp.s. c 23 s 1103 are each
28 amended to read as follows:

29 (1) Except as otherwise provided in this chapter, payments of the
30 taxes imposed under chapters 82.04, 82.08, 82.12, 82.14, and 82.16 RCW,
31 along with reports and returns on forms prescribed by the department,
32 are due monthly within twenty-five days after the end of the month in
33 which the taxable activities occur.

34 (2) The department of revenue may relieve any taxpayer or class of
35 taxpayers from the obligation of remitting monthly and may require the
36 return to cover other longer reporting periods, but in no event may

1 returns be filed for a period greater than one year. For these
2 taxpayers, tax payments are due on or before the last day of the month
3 next succeeding the end of the period covered by the return.

4 (3) The department of revenue may also require verified annual
5 returns from any taxpayer, setting forth such additional information as
6 it may deem necessary to correctly determine tax liability.

7 (4) Notwithstanding subsections (1) and (2) of this section, the
8 department may relieve any person of the requirement to file returns if
9 the following conditions are met:

10 (a) The person's value of products, gross proceeds of sales, or
11 gross income of the business, from all business activities taxable
12 under chapter 82.04 RCW, is less than:

13 (i) Twenty-eight thousand dollars per year; or

14 (ii) Forty-six thousand six hundred sixty-seven dollars per year
15 for persons generating at least fifty percent of their taxable amount
16 from activities taxable under RCW (~~(82.04.2557)~~) 82.04.290(2)(a)(~~(7)~~)
17 and 82.04.285;

18 (b) The person's gross income of the business from all activities
19 taxable under chapter 82.16 RCW is less than twenty-four thousand
20 dollars per year; and

21 (c) The person is not required to collect or pay to the department
22 of revenue any other tax or fee which the department is authorized to
23 collect.

24 **Sec. 224.** RCW 82.45.195 and 2010 1st sp.s. c 23 s 518 are each
25 amended to read as follows:

26 A sale of standing timber is exempt from tax under this chapter if
27 the gross income from such sale is taxable under RCW 82.04.260(~~(+11)~~)
28 (8)(d).

29 **PART III**
30 **CREDITS**

31 NEW SECTION. **Sec. 301.** A new section is added to chapter 82.04
32 RCW to read as follows:

33 WOOD BIOMASS. (1) In computing the tax imposed under RCW 82.04.240
34 on the business of manufacturing wood biomass fuel, a person is
35 entitled to a credit as determined in subsection (2) of this section.

1 (2) The amount of the credit under this section is determined by
2 multiplying 0.71488 by the tax otherwise due during the reporting
3 period on the business of manufacturing wood biomass fuel. The
4 department must administer the credit in this section in a way that
5 results in a tax liability that is comparable to what it would have
6 been under the tax rate in effect for the business of manufacturing
7 wood biomass fuel immediately preceding the effective date of this
8 section.

9 (3) "Wood biomass fuel" has the same meaning as in RCW 82.29A.135.

10 (4) The credit in this section may only be claimed on a return
11 filed electronically using the department's online tax filing service.

12 NEW SECTION. **Sec. 302.** A new section is added to chapter 82.04
13 RCW to read as follows:

14 ALUMINUM SMELTERS. (1)(a) In computing the tax imposed under RCW
15 82.04.270 on the business of making wholesale sales of aluminum
16 manufactured by the seller, an aluminum smelter is entitled to a credit
17 as determined in (b) of this subsection (1).

18 (b) The amount of the credit under this subsection (1) is
19 determined by multiplying 0.4 by the tax otherwise due on the business
20 of making wholesale sales by the taxpayer, during the reporting period,
21 of aluminum manufactured by the taxpayer. The department must
22 administer the credit in this subsection in a way that results in a tax
23 liability that is comparable to what it would have been under the tax
24 rate in effect for the business of making wholesale sales, during the
25 reporting period, of aluminum by the manufacturer, immediately
26 preceding the effective date of this section.

27 (2)(a) In computing the tax imposed under RCW 82.04.240 on the
28 business of manufacturing aluminum, an aluminum smelter is entitled to
29 a credit as determined in (b) of this subsection (2).

30 (b) The amount of the credit under this subsection (2) is
31 determined by multiplying 0.4 by the tax otherwise due during the
32 reporting period on the business of manufacturing aluminum, which
33 includes the activities of both manufacturers and processors for hire.
34 The department must administer the credit in this subsection in a way
35 that results in a tax liability that is comparable to what it would
36 have been under the tax rate in effect for the business of
37 manufacturing aluminum.

1 (3) A person claiming a credit under this section must file a
2 complete annual report with the department under RCW 82.32.534.
3 However, if legislation is enacted after 2013 that replaces the annual
4 report under RCW 82.32.534 with the annual survey under RCW 82.32.585,
5 a person claiming a credit under this section must file a complete
6 annual survey with the department under RCW 82.32.585.

7 (4) The credits in this section may only be claimed on a return
8 filed electronically using the department's online tax filing service.

9 (5) No credit may be claimed under this section for reporting
10 periods beginning January 1, 2017.

11 NEW SECTION. **Sec. 303.** A new section is added to chapter 82.04
12 RCW to read as follows:

13 WHOLESALING/MANUFACTURING OF SOLAR ENERGY SYSTEMS. (1)(a) In
14 computing the tax imposed under RCW 82.04.270 on the business of making
15 wholesale sales of qualifying solar energy systems or qualifying
16 components by the manufacturer of the system or component, a person is
17 entitled to a credit as determined in (b) of this subsection (1).

18 (b) The amount of the credit under this subsection (1) is
19 determined by multiplying 0.43183 by the tax otherwise due, during the
20 reporting period, on the business of making wholesale sales of
21 qualifying solar energy products or qualifying components, manufactured
22 by the person. The department must administer the credit in this
23 subsection in a way that results in a tax liability that is comparable
24 to what it would have been under the tax rate in effect for the
25 business of making wholesale sales, during the reporting period, of
26 qualifying solar energy products or qualifying components, manufactured
27 by the taxpayer.

28 (2)(a) In computing the tax imposed under RCW 82.04.240 on the
29 business of manufacturing qualifying solar energy systems or qualifying
30 components, a person is entitled to a credit as determined in (b) of
31 this subsection (2).

32 (b) The amount of the credit under this subsection (2) is
33 determined by multiplying 0.43183 by the tax otherwise due on the
34 business of manufacturing qualifying solar energy systems or qualifying
35 components during the reporting period. The department must administer
36 the credit in this subsection in a way that results in a tax liability

1 that is comparable to what it would have been under the tax rate in
2 effect for the business of manufacturing qualifying solar energy
3 products or qualifying components during the reporting period.

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

6 (a) "Compound semiconductor solar wafers" means a semiconductor
7 solar wafer composed of elements from two or more different groups of
8 the periodic table.

9 (b) "Module" means the smallest nondivisible self-contained
10 physical structure housing interconnected photovoltaic cells and
11 providing a single direct current electrical output.

12 (c) "Photovoltaic cell" means a device that converts light directly
13 into electricity without moving parts.

14 (d) "Qualifying component" means the following products to be used
15 exclusively in components of qualifying solar energy systems: Solar
16 grade silicon, silicon solar wafers, silicon solar cells, thin film
17 solar devices, or compound semiconductor solar wafers.

18 (e) "Qualifying solar energy system" means a solar energy system
19 using photovoltaic modules or stirling converters.

20 (f) "Silicon solar cells" means a photovoltaic cell manufactured
21 from a silicon solar wafer.

22 (g) "Silicon solar wafers" means a silicon wafer manufactured for
23 solar conversion purposes.

24 (h) "Solar energy system" means any device or combination of
25 devices or elements that rely upon direct sunlight as an energy source
26 for use in the generation of electricity.

27 (i) "Solar grade silicon" means high purity silicon used
28 exclusively in components of solar energy systems using photovoltaic
29 modules to capture direct sunlight. "Solar grade silicon" does not
30 include silicon used in semiconductors.

31 (j) "Stirling converter" means a device that produces electricity
32 by converting heat from a solar source utilizing a stirling engine.

33 (k) "Thin film solar devices" means a nonparticipating substrate on
34 which various semiconducting materials are deposited to produce a
35 photovoltaic cell that is used to generate electricity.

36 (4) A person claiming a credit under this section must file a
37 complete annual report with the department under RCW 82.32.534.
38 However, if legislation is enacted after 2013 that replaces the annual

1 report under RCW 82.32.534 with the annual survey under RCW 82.32.585,
2 a person claiming a credit under this section must file a complete
3 annual survey with the department under RCW 82.32.585.

4 (5) No credit may be claimed under this section for reporting
5 periods beginning July 1, 2014.

6 (6) The credit in this section may only be claimed on a return
7 filed electronically using the department's online tax filing service.

8 NEW SECTION. **Sec. 304.** A new section is added to chapter 82.04
9 RCW to read as follows:

10 SPLITTING/PROCESSING DRIED PEAS AND MANUFACTURERS OF FLOUR AND OIL.

11 (1) In computing the tax imposed under RCW 82.04.240 on the business of
12 splitting or processing dried peas or of manufacturing wheat into
13 flour; barley into pearl barley; soybeans into soybean oil; canola into
14 canola oil, canola meal, or canola by-products; or sunflower seeds into
15 sunflower oil; a person is entitled to a credit as determined in
16 subsection (2) of this section.

17 (2) The amount of the credit under this section is determined by
18 multiplying 0.71488 by the tax otherwise due on the manufacturing of
19 the product or products described in subsection (1) of this section
20 during the reporting period. The department must administer the credit
21 in this subsection in a way that results in a tax liability that is
22 comparable to what it would have been under the tax rate in effect for
23 the business of manufacturing the product or products described in
24 subsection (1) of this section during the reporting period.

25 (3) The credit 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. 305.** A new section is added to chapter 82.04
28 RCW to read as follows:

29 PRESCRIPTION DRUG RESELLING AT RETAIL AND PRESCRIPTION DRUG
30 WAREHOUSING AND RESELLING AT WHOLESALE. (1)(a) The credit under this
31 subsection from the gross proceeds of retail sales of prescription
32 drugs is determined by multiplying 0.70701 by:

33 (i) The gross proceeds of retail sales of prescription drugs by the
34 eligible person during the reporting period; or

35 (ii) If the eligible person is entitled to one or more credits
36 under any other statute in this chapter in computing the tax imposed

1 under RCW 82.04.250 on the business of making retail sales of
2 prescription drugs, the difference resulting from subtracting all other
3 deductible amounts from the gross proceeds of retail sales of
4 prescription drugs by the eligible person during the reporting period.

5 (b) The credit under this subsection from the gross proceeds of
6 wholesale sales of prescription drugs is determined by multiplying
7 0.71488 by:

8 (i) The gross proceeds of wholesale sales of prescription drugs by
9 the eligible person during the reporting period; or

10 (ii) If the eligible person is entitled to one or more credits
11 under any other statute in this chapter in computing the tax imposed
12 under RCW 82.04.270 on the business of making wholesale sales of
13 prescription drugs, the difference resulting from subtracting all other
14 deductible amounts from the gross proceeds of wholesale sales of
15 prescription drugs by the eligible person during the reporting period.

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

18 (a) "Eligible person" means a person who:

19 (i) Is registered with the federal drug enforcement administration
20 and licensed by the state board of pharmacy;

21 (ii) Buys prescription drugs from a manufacturer or another
22 wholesaler and resells the drugs to persons selling at retail or to
23 hospitals, clinics, health care providers, or other providers of health
24 care services; and

25 (iii) Owns or operates a warehouse inside or outside of this state
26 where the person's prescription drugs are stored pending delivery to
27 buyers.

28 (b) "Prescription drugs" means drugs intended for human use
29 pursuant to a prescription.

30 (c) "Prescription" and "drug" have the same meaning as in RCW
31 82.08.0281.

32 (3) The credit 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. 306.** A new section is added to chapter 82.04
35 RCW to read as follows:

36 MEAT PRODUCTS--PROCESSING PERISHABLE AND WHOLESALE SALES OF
37 QUALIFYING. (1)(a) In computing the tax imposed under RCW 82.04.270 on

1 the business of making wholesale sales of qualifying meat products, an
2 eligible person is entitled to a credit as determined in (b) of this
3 subsection (1).

4 (b) The amount of the credit under this subsection (1) is
5 determined by multiplying 0.71488 by the tax otherwise due on wholesale
6 sales of qualifying meat products made during the reporting period by
7 the eligible person. The department must administer the credit in this
8 subsection in a way that results in a tax liability that is comparable
9 to what it would have been under the tax rate in effect for the
10 business of making wholesale sales of qualifying meat products during
11 the reporting period.

12 (2)(a) In computing the tax imposed under RCW 82.04.240 on the
13 business of processing perishable meat products, a person is entitled
14 to a credit as determined in (b) of this subsection (2).

15 (b) The amount of the credit under this subsection (2) is
16 determined by multiplying 0.71488 by:

17 (i) The value of the meat product processed by the person for the
18 reporting period, in the case of manufacturers, or, in the case of
19 processors for hire, the gross income of the business for the reporting
20 period from processing meat products for hire; or

21 (ii) If the person is entitled to one or more credits under any
22 other statute in this chapter in computing the tax imposed under RCW
23 82.04.240 on the business of processing perishable meat products, the
24 difference resulting from subtracting all other deductible amounts from
25 the value of the meat product processed by the person for the reporting
26 period, in the case of manufacturers, or, in the case of processors for
27 hire, the gross income of the business for the reporting period from
28 processing meat products for hire.

29 (3) The definitions in this subsection apply throughout this
30 section.

31 (a) "Eligible person" means any person who sells perishable meat
32 products at wholesale or any person who takes an animal or a perishable
33 meat product, processes it, and sells the resulting qualifying meat
34 product at wholesale.

35 (b) "Meat product" means a product derived in whole or in part from
36 any part of an animal carcass, except products derived from seafood or
37 insects. The term includes only products that are intended for human
38 consumption as food or animal consumption as feed.

1 (c) "Perishable meat product" means a meat product having a high
2 risk of spoilage within a period of thirty days without refrigeration
3 or freezing.

4 (d) "Processed," "processes," or "processing" means to engage in
5 one or more of the following activities: Slaughtering an animal,
6 breaking an animal carcass or part of an animal carcass into any type
7 of smaller unit, or engaging in any other manufacturing activity when
8 perishable meat is either the finished product or an ingredient or
9 component of the finished product.

10 (e) "Qualifying meat product" means:

11 (i) With respect to any person, a perishable meat product; and

12 (ii) Any meat product, perishable or not, that is the result of the
13 seller taking an animal or a perishable meat product, processing it,
14 and selling the resulting meat product at wholesale, even if meat is
15 only a component of the finished product.

16 (4) The credit in this section may only be claimed on a return
17 filed electronically using the department's online tax filing service.

18 NEW SECTION. **Sec. 307.** A new section is added to chapter 82.04
19 RCW to read as follows:

20 MANUFACTURING, WHOLESALING, AND RETAILING--SEAFOOD PRODUCTS AND
21 DAIRY PRODUCTS--MANUFACTURING AND WHOLESALING--FRESH FRUITS AND
22 VEGETABLES. (1)(a) In computing the tax imposed under RCW 82.04.240 on
23 qualifying manufacturing activities, a person is entitled to a credit
24 as determined in (b) of this subsection (1).

25 (b) The amount of the credit under this subsection is determined by
26 multiplying 0.71488 by the tax otherwise due on the manufacturing of
27 eligible products by the person during the reporting period. The
28 department must administer the credit in this subsection in a way that
29 results in a tax liability that is comparable to what it would have
30 been under the tax rate in effect for the business of manufacturing
31 eligible products during the reporting period.

32 (2) In computing the tax imposed under RCW 82.04.250 on the
33 business of making qualifying retail sales, a person is entitled to a
34 credit as determined in (b) of this subsection (2).

35 (a) The amount of the credit under this subsection (2) is
36 determined by multiplying 0.70701 by the tax otherwise due on making
37 qualifying retail sales by the person during the reporting period. The

1 department must administer the credit in this subsection in a way that
2 results in a tax liability that is comparable to what it would have
3 been under the tax rate in effect for the business of making qualifying
4 retail sales during the reporting period.

5 (b) Persons claiming a credit under this subsection (2) must keep
6 and preserve records for the period required by RCW 82.32.070
7 establishing that the qualifying retail sales were for eligible
8 products that were transported by the purchaser in the ordinary course
9 of business out of this state.

10 (3) In computing the tax imposed under RCW 82.04.270 on the
11 business of making qualifying wholesale sales, a person is entitled to
12 a credit as determined in (b) of this subsection (3).

13 (a) The amount of the credit under this subsection (3) is
14 determined by multiplying 0.71488 by the tax otherwise due on making
15 qualifying wholesale sales by the person during the reporting period.
16 The department must administer the credit in this subsection in a way
17 that results in a tax liability that is comparable to what it would
18 have been under the tax rate in effect for the business of making
19 qualifying wholesale sales during the reporting period.

20 (b) Persons claiming a credit under this subsection (3) must keep
21 and preserve records for the period required by RCW 82.32.070
22 establishing that the qualifying wholesale sales were for eligible
23 products transported by the purchaser in the ordinary course of
24 business out of this state.

25 (4) The definitions in this subsection apply throughout this
26 section unless the context clearly requires otherwise.

27 (a) "Eligible product" means:

28 (i) Seafood products that remain in a raw, raw frozen, or raw
29 salted state at the completion of the manufacturing;

30 (ii) Dairy products that as of September 20, 2001, are identified
31 in 21 C.F.R., chapter 1, parts 131, 133, and 135, including by-products
32 from the manufacturing process, such as whey and casein; and

33 (iii) Fruits and vegetables that have been manufactured by canning,
34 preserving, freezing, processing, or dehydrating fresh fruits or
35 vegetables.

36 (b) "Qualifying manufacturing" means manufacturing an eligible
37 product.

1 (c) "Qualifying retail sales" means retail sales of an eligible
2 product described in (a)(i) or (ii) of this subsection (4) by the
3 manufacturer of the product, but only when the product is delivered to
4 purchasers who transport the product out of this state in the ordinary
5 course of business.

6 (d) "Qualifying wholesale sales" means wholesale sales of an
7 eligible product described in (a) of this subsection (4) by the
8 manufacturer of the product, but only when the product is delivered to
9 purchasers who transport the product out of this state in the ordinary
10 course of business.

11 (5) The credit in this section may only be claimed on a return
12 filed electronically using the department's online tax filing service.

13 **PART IV**

14 **MISCELLANEOUS PROVISIONS**

15 NEW SECTION. **Sec. 401.** The department of revenue must convene a
16 group of affected stakeholders to develop recommendations to further
17 reduce, refine, and simplify the number of tax classifications under
18 chapter 82.04 RCW, the business and occupation tax. By January 1,
19 2014, and in compliance with RCW 43.01.036, the department must report
20 the group's recommendations to the governor, the senate committee on
21 trade and economic development, and the house of representatives
22 committee on technology and economic development.

23 NEW SECTION. **Sec. 402.** (1) Except as provided otherwise in this
24 section, this act takes effect January 1, 2014.

25 (2) Section 208 of this act takes effect July 1, 2015.

26 (3) Section 401 of this act takes effect August 1, 2013.

27 NEW SECTION. **Sec. 403.** Section 207 of this act expires July 1,
28 2015.

29 NEW SECTION. **Sec. 404.** 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. 405.** 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."

2SSB 5688 - S AMD
By Senators Braun, Smith

WITHDRAWN 03/12/2013

5 On page 1, line 2 of the title, after "systems;" strike the
6 remainder of the title and insert "amending RCW 35.102.030, 35.102.040,
7 35.102.140, 35.102.160, 82.04.060, 82.04.230, 82.04.255, 82.04.260,
8 82.04.280, 35.102.150, 48.14.080, 82.04.261, 82.04.270, 82.04.29002,
9 82.04.298, 82.04.334, 82.04.440, 82.04.4451, 82.04.4463, 82.04.460,
10 82.08.806, 82.32.045, and 82.45.195; reenacting and amending RCW
11 82.04.250 and 82.04.260; adding new sections to chapter 35.102 RCW;
12 adding new sections to chapter 82.04 RCW; creating new sections;
13 repealing RCW 82.04.272, 82.04.2909, 82.04.294, and 35.102.120;
14 repealing 2010 c 114 s 104; repealing 2003 c 149 s 3; repealing 2010 c
15 106 s 206; repealing 2009 c 461 s 3; repealing 2006 c 300 s 7;
16 repealing 2003 c 149 s 4; providing effective dates; and providing an
17 expiration date."

EFFECT: Technical changes are made to the B&O Tax classification
consolidations.

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