

1 direct and positive impact on the social and economic success of the
2 state by supporting a more effective educational system, one that
3 engages students in the advanced fields and industries critical to the
4 modern economy.

5 **PART II**

6 **MEASURABLE EDUCATIONAL PROGRESS**

7 NEW SECTION. **Sec. 201.** A new section is added to chapter 28A.300
8 RCW to read as follows:

9 (1) The indicators of educational progress in this subsection must
10 be used to assist in evaluating the success of providing the targeted
11 funding from revenue obtained pursuant to chapter 82.-- RCW (the new
12 chapter created in section 601 of this act) from the education legacy
13 trust account created in RCW 83.100.230:

14 (a) Whether, by the 2018-19 school year, at least ninety percent of
15 the third graders are meeting the standard on the third grade reading
16 assessment administered in accordance with RCW 28A.655.070; and

17 (b) Whether, by the 2018-19 school year the rate for high school
18 completion has increased to ninety percent of the four-year cohort.

19 (2) By December 1st of each year, the office of the superintendent
20 of public instruction and the state board of education shall jointly
21 submit a report to the legislature on the progress towards meeting
22 these goals.

23 NEW SECTION. **Sec. 202.** The appropriations contained in section
24 203 of this act are intended as the first stage of a linear
25 implementation of lower class size for kindergarten through third grade
26 and all-day kindergarten as required for full implementation by the
27 2017-18 school year.

28 NEW SECTION. **Sec. 203.** This section establishes appropriations
29 for the biennium ending June 30, 2015, from the additional funds
30 deposited in the education legacy trust account as a result of Parts
31 III and IV of this act.

32 (1) The sum of fifty-five million dollars, or as much thereof as
33 may be necessary, is appropriated for the biennium ending June 30,

1 2015, from the education legacy trust account to the department of
2 early learning to provide additional early childhood education and
3 assistance program slots to all eligible three and four-year olds.

4 (2)(a) The sum of two hundred twenty million dollars, or as much
5 thereof as may be necessary, is appropriated for the biennium ending
6 June 30, 2015, from the education legacy trust account to the office of
7 the superintendent of public instruction to phase in, in a linear
8 fashion reduced class sizes in kindergarten through third grade to
9 achieve seventeen full-time equivalent students per teacher by the
10 2017-18 school year as required in RCW 28A.150.260(4)(b).

11 (b) The sum of six million dollars, or as much thereof as may be
12 necessary, is appropriated for the biennium ending June 30, 2015, from
13 the education legacy trust account to the office of the superintendent
14 of public instruction to enhance the readiness to learn program.

15 (c) The sum of eighty-nine million three hundred thousand dollars,
16 or as much thereof as may be necessary, is appropriated for the
17 biennium ending June 30, 2015, from the education legacy trust account
18 to the office of the superintendent of public instruction to phase in
19 all-day kindergarten in a linear fashion to achieve full statewide
20 implementation of all-day kindergarten by the 2017-18 school year.

21 NEW SECTION. **Sec. 204.** The sum of one hundred seventy-five
22 million dollars, or as much thereof as may be necessary, must be
23 appropriated for the biennium ending June 30, 2015, from the additional
24 funds deposited in the education legacy trust account as a result of
25 Parts III and IV of this act to institutions of higher education on a
26 per enrolled student basis to provide support to the institutions.

27 **PART III**
28 **CAPITAL GAINS TAX**

29 NEW SECTION. **Sec. 301.** The definitions in this section apply
30 throughout this chapter unless the context clearly requires otherwise.
31 Any term used in this chapter has the same meaning as when used in a
32 comparable context in the internal revenue code unless provided
33 otherwise.

34 (1) "Capital assets" has the same meaning as provided by section
35 1221 of the internal revenue code.

1 (2) "Capital gains" means the excess of the gains from sales or
2 exchanges of capital assets over the losses from such sales or
3 exchanges received by a person.

4 (3) "Department" means the state department of revenue.

5 (4) "Internal revenue code" means the United States internal
6 revenue code of 1986 and amendments thereto, as existing and in effect
7 as of the effective date of this section.

8 (5) "Nonresident" means a person whose domicile is not in this
9 state and who does not reside in this state for more than one hundred
10 eighty-three days during the tax year.

11 (6) "Person" means a natural person.

12 (7)(a) "Resident" means a person whose domicile is in this state or
13 whose domicile is not in this state but who resides in this state for
14 more than one hundred eighty-three days during the tax year.

15 (b) For purposes of this subsection, once a person is a resident,
16 residency continues for three years, notwithstanding changes in
17 domicile.

18 (8) "Taxable year" means the taxpayer's taxable year as defined
19 under the internal revenue code.

20 (9) "Taxpayer" means a person receiving capital gains subject to
21 tax under this chapter.

22 NEW SECTION. **Sec. 302.** (1) Beginning January 1, 2014, a tax is
23 imposed on every person for the privilege of selling or exchanging
24 capital assets. The tax equals five percent multiplied by a person's
25 capital gains for each taxable year.

26 (2) For resident persons, all capital gains must be allocated to
27 this state.

28 (3) For nonresident persons, capital gains must be derived from
29 sources within this state and allocated to this state.

30 (4) The following threshold exemptions are allowed in determining
31 the tax under subsection (1) of this section:

32 (a) Ten thousand dollars; or

33 (b) Twenty thousand dollars for persons filing joint returns under
34 section 314 of this act.

35 (5) Capital gains must be reported in the taxable year they are
36 received. Losses from the sale or exchange of capital assets may only

1 be used to offset gains from other sales or exchanges of capital assets
2 in the same taxable year.

3 (6) Receipts from this tax must be deposited into the education
4 legacy trust account created in RCW 83.100.230.

5 NEW SECTION. **Sec. 303.** (1) This chapter does not apply to gain
6 from the sale of a principal residence if it is excluded from tax under
7 section 121 of the internal revenue code.

8 (2) This chapter does not apply to gain from the sale of a
9 principal residence that would be otherwise excluded from tax under
10 section 121(2) of the internal revenue code for registered domestic
11 partners or those married under chapter 26.04 RCW.

12 (3) This chapter does not apply to gain from the sale of a long-
13 term principal residence if the gain exceeds the exemption allowed in
14 subsection (1) or (2) of this section and it has been used by a person
15 as the person's principal residence for periods aggregating at least
16 ten years and owned by the person for at least the twenty-year period
17 ending on the date of the sale or exchange of the property.

18 NEW SECTION. **Sec. 304.** This chapter does not apply to capital
19 gains received by any person from age-qualified distributions from a
20 retirement savings account under section 401(k) of the internal revenue
21 code, a tax-sheltered annuity or a custodial account described in
22 section 403(b) of the internal revenue code, an individual retirement
23 account or an individual retirement annuity described in section 408 of
24 the internal revenue code, a Roth individual retirement account
25 described in section 408A of the internal revenue code, an employee
26 defined contribution program, an employee benefit plan, or similar
27 retirement savings vehicle.

28 NEW SECTION. **Sec. 305.** This chapter does not apply to amounts
29 received by any person for the sale or exchange of property as
30 authorized under the condemnation proceedings as provided by law for
31 the exercise of the power of eminent domain under Title 8 RCW,
32 regardless of whether the parties have settled the matter prior to
33 filing an action.

1 NEW SECTION. **Sec. 306.** This chapter does not apply to amounts
2 received by any person for the sale or exchange of cattle, horses, or
3 breeding livestock held for more than twelve months by a taxpayer who
4 received in excess of fifty percent of his or her gross income from
5 farming or ranching.

6 NEW SECTION. **Sec. 307.** This chapter does not apply to amounts
7 received by any person from the sale of agricultural land who has
8 regular, continuous, and substantial involvement in the operation of
9 the agricultural land that meets the criteria for material
10 participation in an activity under section 469(h) of the internal
11 revenue code for the ten years prior to the date of the sale or
12 exchange of the agricultural land.

13 NEW SECTION. **Sec. 308.** This chapter does not apply to amounts
14 received by any person from the sale of tangible personal property used
15 in a business and that would qualify for an income tax deduction under
16 section 167 or 179 of the internal revenue code.

17 NEW SECTION. **Sec. 309.** (1) The intent of this section is to
18 prevent the multiple taxation of capital gains in both Washington and
19 another taxing jurisdiction.

20 (2) As used in this section, "taxing jurisdiction" means any of the
21 states, the District of Columbia, or any territory or possession of the
22 United States; any municipality, city, county, township, parish,
23 transportation district, or assessment jurisdiction; or other political
24 subdivision within the territorial limits of the United States with the
25 authority to impose a tax, charge, or fee.

26 (3) A resident person is allowed a credit against the tax imposed
27 in section 302 of this act equal to the amount of tax paid to another
28 taxing jurisdiction on capital gains derived from sources within the
29 other taxing jurisdiction.

30 (4) The amount of tax credits received by any resident person under
31 this section may not exceed the total amount of tax due under this
32 chapter, and there may be no carryback or carryforward of any unused
33 credits.

1 return for the taxable year, a joint return is required to be filed
2 under this title under the same conditions under which a joint return
3 may be filed for purposes of the federal income tax.

4 (3) Except as provided in subsection (5) of this section, if the
5 federal income tax liability of either spouse is determined on a
6 separate federal return for the taxable year, they must file separate
7 returns under this title.

8 (4) In any case in which a joint return is filed under this
9 section, the liability of the husband and wife or partners is joint and
10 several, unless the spouse or partner is relieved of liability under 26
11 U.S.C. Sec. 6013 of the federal internal revenue code.

12 (5) Partners in a state registered domestic partnership or who have
13 a marriage licensed under chapter 26.04 RCW may file a joint return
14 under this title.

15 NEW SECTION. **Sec. 315.** (1) Every person required to pay the tax
16 imposed under this title must keep records, render statements, make
17 returns, file reports, and perform other acts as the department
18 requires by rule. Each return must be made under penalty of perjury
19 and on forms prescribed by the department. The department may require
20 other statements and reports be made under penalty of perjury and on
21 forms prescribed by the department. The department may require any
22 taxpayer to furnish to the department a correct copy of any return or
23 document that the taxpayer has filed with the internal revenue service
24 or received from the internal revenue service.

25 (2) All books and records and other papers and documents required
26 to be kept under this title are subject to inspection by the department
27 at all times during business hours of the day.

28 NEW SECTION. **Sec. 316.** (1) To the extent possible without being
29 inconsistent with this chapter, all of the provisions of the internal
30 revenue code relating to the time and manner of making returns,
31 extensions of time for filing returns, verification of returns, and the
32 time when a return is deemed filed apply to this chapter.

33 (2) The department by rule may provide modifications and exceptions
34 to requirements of subsection (1) of this section, if reasonably
35 necessary to facilitate the prompt, efficient, and equitable collection
36 of tax under this chapter.

1 NEW SECTION. **Sec. 317.** (1) The department must refund all taxes
2 improperly paid or collected.

3 (2) The following sections apply to the administration of taxes
4 imposed under this title: RCW 82.32.050, 82.32.055, 82.32.060,
5 82.32.070, 82.32.080, 82.32.085, 82.32.090, 82.32.100, 82.32.105,
6 82.32.110, 82.32.117, 82.32.120, 82.32.130, 82.32.135, 82.32.145,
7 82.32.150, 82.32.160, 82.32.170, 82.32.180, 82.32.190, 82.32.200,
8 82.32.210, 82.32.212, 82.32.220, 82.32.230, 82.32.235, 82.32.237,
9 82.32.240, 82.32.245, 82.32.265, 82.32.300, 82.32.310, 82.32.320,
10 82.32.330, 82.32.340, 82.32.350, 82.32.360, 82.32.380, and 82.32.410.

11 NEW SECTION. **Sec. 318.** The department may adopt rules under
12 chapter 34.05 RCW for the administration and enforcement of this
13 chapter. The rules, to the extent possible without being inconsistent
14 with this chapter, must follow the internal revenue code and the
15 regulations and rulings of the United States treasury department with
16 respect to the federal income tax. The department may adopt as a part
17 of these rules any portions of the internal revenue code and treasury
18 department regulations and rulings, in whole or in part.

19 NEW SECTION. **Sec. 319.** (1) An authorized agent providing closing
20 and settlement services in a conveyance is required to withhold from
21 consideration payable to a transferor an amount equal to the tax due
22 imposed under section 302 of this act.

23 (2) An authorized agent is not required to withhold amounts under
24 this section if:

25 (a) The conveyance is in lieu of foreclosure of a mortgage, trust
26 deed, or other security instrument or a land sale contract with no
27 additional monetary consideration;

28 (b) The transferor is a personal representative, executor,
29 conservator, bankruptcy trustee, or other person acting under judicial
30 review;

31 (c) The transferor delivers to the authorized agent a written
32 assurance that the sale or exchange qualifies for exclusion of gain
33 under section 303, 305, or 307 of this act.

34 (3)(a) An authorized agent must electronically report the tax
35 withheld on forms prescribed by the department and remit electronic
36 payment of the tax to the department under the methods provided in RCW

1 82.32.080. An authorized agent must electronically file and make
2 payment under this subsection within twenty-five days after the end of
3 the month in which the conveyance occurred.

4 (b) The amount of tax due is a specific lien upon each parcel of
5 real property located in this state that is sold by a transferor. The
6 lien attached from the time of sale until the tax is withheld and paid
7 as provided by this section. The lien may be enforced in the manner
8 prescribed for the foreclosure of mortgages.

9 (c) Amounts withheld pursuant to this section are held in trust for
10 Washington. If an authorized agent fails to remit an amount withheld
11 by the agent under this section by the time remittance is required, the
12 department may recover from the authorized agent the amount withheld,
13 plus interest and penalties as provided in chapter 82.32 RCW. The tax
14 collection provisions of chapter 82.32 RCW apply to the collection of
15 amounts withheld pursuant to this section but not remitted to the
16 department as required under this section.

17 (4) A transferor may claim the amount withheld by an authorized
18 agent on the transferor's tax return.

19 (5) An authorized agent may withhold funds under this section
20 without written instructions to withhold from the transferor.

21 (6) A written affidavit must be executed by the transferor or the
22 transferor's tax advisor under penalty of perjury and must contain the
23 transferor's taxpayer identification number. The authorized agent must
24 retain for six years from the date of the closing of the conveyance any
25 written affirmation obtained by the agent in connection with the
26 conveyance. The department must prescribe by rule the form and content
27 of the written affidavit.

28 (7) It is a defense to any claim by the department or by a
29 transferor against an agent that the agent has acted in reasonable
30 reliance upon representations made by the transferor or the
31 transferor's tax advisor.

32 (8) For the purposes of this section, the following definitions
33 apply unless the context clearly requires otherwise:

34 (a) "Authorized agent" means an agent who is responsible for
35 closing and settlement services in a conveyance;

36 (b) "Closing and settlement services" means services that are
37 provided by:

38 (i) A licensed escrow agent in a real estate closing escrow; or

1 (ii) An attorney for the benefit of a transferor or a transferee in
2 a conveyance, if, simultaneously with the conveyance, the attorney
3 deposits the unpaid purchase price into the attorney's client trust
4 account for disbursal pursuant to the written instructions of, or the
5 agreement between, the transferor and transferee;

6 (c) "Consideration" includes the amount of cash paid for a
7 conveyance and the amount of any lien, mortgage, contract, indebtedness
8 or other encumbrance existing against the property conveyed to which
9 the property remains subject or which the purchaser agrees to pay or
10 assume;

11 (d) "Conveyance" means a sale or exchange of any real estate
12 located in Washington;

13 (e) "Net proceeds" means the net amount to be disbursed to the
14 transferor, prior to reduction for withholding, as shown on the
15 transferor's settlement statement for the conveyance; and

16 (f) "Transferor" means a person, as defined in section 301 of this
17 act, on the closing date of the conveyance.

18 **Sec. 320.** RCW 82.45.090 and 2009 c 350 s 8 are each amended to
19 read as follows:

20 (1) Except for a sale of a beneficial interest in real property
21 (~~where~~) when no instrument evidencing the sale is recorded in the
22 official real property records of the county in which the property is
23 located, the tax imposed by this chapter (~~shall~~) and the tax withheld
24 under section 319 of this act must be paid to and collected by the
25 treasurer of the county within which is located the real property which
26 was sold.

27 (2) In collecting the tax under this section the treasurer
28 (~~shall~~) must act as agent for the state.

29 (a) The county treasurer (~~shall~~) must cause a verification of
30 payment evidencing satisfaction of the lien to be affixed to the
31 instrument of sale or conveyance prior to its recording or to the real
32 estate excise tax affidavit in the case of used mobile home sales and
33 used floating home sales.

34 (i) A receipt issued by the county treasurer for the payment of the
35 tax imposed under this chapter (~~shall be~~) is evidence of the
36 satisfaction of the lien imposed hereunder and may be recorded in the
37 manner prescribed for recording satisfactions of mortgages.

1 (ii) No instrument of sale or conveyance evidencing a sale subject
2 to the tax (~~(shall)~~) may be accepted by the county auditor for filing
3 or recording until the tax (~~(shall—have)~~) has been paid and the
4 verification of payment affixed thereto; in case the tax is not due on
5 the transfer, the instrument (~~(shall)~~) may not be so accepted until
6 suitable notation of such fact has been made on the instrument by the
7 treasurer.

8 (iii) Any time there is a sale of a used mobile home, used
9 manufactured home, used park model, or used floating home that has not
10 been title eliminated, property taxes must be current in order to
11 complete the processing of the real estate excise tax affidavit or
12 other documents transferring title.

13 (iv) Verification that the property taxes are current must be noted
14 on the mobile home real estate excise tax affidavit or on a form
15 approved by the county treasurer.

16 (b) For the purposes of this subsection (2), "mobile home,"
17 "manufactured home," and "park model" have the same meaning as provided
18 in RCW 59.20.030.

19 (~~(+2)~~) (3) For a sale of a beneficial interest in real property
20 (~~(where)~~) when a tax is due under this chapter and (~~(where)~~) when no
21 instrument is recorded in the official real property records of the
22 county in which the property is located, the sale (~~(shall)~~) must be
23 reported to the department of revenue within five days from the date of
24 the sale on such returns or forms and according to such procedures as
25 the department may prescribe. Such forms or returns (~~(shall)~~) must be
26 signed by both the transferor and the transferee and shall be
27 accompanied by payment of the tax due.

28 (~~(+3)~~) (4) Any person who intentionally makes a false statement on
29 any return or form required to be filed with the department under this
30 chapter is guilty of perjury under chapter 9A.72 RCW.

31 **Sec. 321.** RCW 82.45.150 and 1996 c 149 s 6 are each amended to
32 read as follows:

33 (1) All of chapter 82.32 RCW, except RCW 82.32.030, 82.32.050,
34 82.32.140, 82.32.270, and 82.32.090 (1) and (~~(+8)~~) (10), applies to
35 the tax imposed by this chapter, in addition to any other provisions of
36 law for the payment and enforcement of the tax imposed by this chapter.
37 The department of revenue (~~(shall)~~) must provide by rule (~~(provide)~~)

1 for the effective administration of this chapter. The rules (~~shall~~)
2 must prescribe and furnish a real estate excise tax affidavit form
3 verified by both the seller and the buyer, or agents of each, to be
4 used by each county, or the department, as the case may be, in the
5 collection of the tax imposed by this chapter, except that an affidavit
6 given in connection with grant of an easement or right-of-way to a gas,
7 electrical, or telecommunications company, as defined in RCW 80.04.010,
8 or to a public utility district or cooperative that distributes
9 electricity, need be verified only on behalf of the company, district,
10 or cooperative. The department of revenue (~~shall~~) must annually
11 conduct audits of transactions and affidavits filed under this chapter.

12 (2) The department may combine the form required in section 312 of
13 this act with the real estate excise tax affidavit form required in
14 this section.

15 **Sec. 322.** RCW 83.100.230 and 2012 1st sp.s. c 10 s 7 are each
16 amended to read as follows:

17 The education legacy trust account is created in the state
18 treasury. Money in the account may be spent only after appropriation.
19 Except as otherwise provided in this section, expenditures from the
20 account may be used only for support of the common schools, and for
21 expanding access to higher education through funding for new
22 enrollments and financial aid, and other educational improvement
23 efforts. Moneys deposited into this account as required under Parts
24 III and IV of this act cannot supplant existing state funding and must
25 be used for expanded funding for kindergarten through third grade class
26 size reduction, early childhood education and assistance program slots,
27 all-day kindergarten, the readiness to learn program, enrollment
28 support for higher education, enhancements to basic education, and
29 other programs to enhance student preparedness and learning.

30 **PART IV**
31 **EXTENSION OF EXISTING TAXES**

32 **Sec. 401.** RCW 66.24.290 and 2010 1st sp.s. c 23 s 1301 are each
33 amended to read as follows:

34 (1) Any microbrewer or domestic brewery or beer distributor
35 licensed under this title may sell and deliver beer and strong beer to

1 holders of authorized licenses direct, but to no other person, other
2 than the board. Any certificate of approval holder authorized to act
3 as a distributor under RCW 66.24.270 (~~shall~~) must pay the taxes
4 imposed by this section.

5 (a) Every such brewery or beer distributor (~~shall~~) must report
6 all sales to the board monthly, pursuant to the regulations, and
7 (~~shall~~) must pay to the board as an added tax for the privilege of
8 manufacturing and selling the beer and strong beer within the state a
9 tax of one dollar and thirty cents per barrel of thirty-one gallons on
10 sales to licensees within the state and on sales to licensees within
11 the state of bottled and canned beer, including strong beer, (~~shall~~)
12 must pay a tax computed in gallons at the rate of one dollar and thirty
13 cents per barrel of thirty-one gallons.

14 (b) Any brewery or beer distributor whose applicable tax payment is
15 not postmarked by the twentieth day following the month of sale will be
16 assessed a penalty at the rate of two percent per month or fraction
17 thereof. Beer and strong beer (~~shall~~) must be sold by breweries and
18 distributors in sealed barrels or packages.

19 (c) The moneys collected under this subsection (~~shall~~) must be
20 distributed as follows: (i) Three-tenths of a percent (~~shall~~) must
21 be distributed to border areas under RCW 66.08.195; and (ii) of the
22 remaining moneys: (A) Twenty percent (~~shall~~) must be distributed to
23 counties in the same manner as under RCW 66.08.200; and (B) eighty
24 percent (~~shall~~) must be distributed to incorporated cities and towns
25 in the same manner as under RCW 66.08.210.

26 (d) Any licensed retailer authorized to purchase beer from a
27 certificate of approval holder with a direct shipment endorsement or a
28 brewery or microbrewery (~~shall~~) must make monthly reports to the
29 liquor control board on beer purchased during the preceding calendar
30 month in the manner and upon such forms as may be prescribed by the
31 board.

32 (2) An additional tax is imposed on all beer and strong beer
33 subject to tax under subsection (1) of this section. The additional
34 tax is equal to two dollars per barrel of thirty-one gallons. All
35 revenues collected during any month from this additional tax (~~shall~~)
36 must be deposited in the state general fund by the twenty-fifth day of
37 the following month.

1 (3)(a) An additional tax is imposed on all beer and strong beer
2 subject to tax under subsection (1) of this section. The additional
3 tax is equal to ninety-six cents per barrel of thirty-one gallons
4 through June 30, 1995, two dollars and thirty-nine cents per barrel of
5 thirty-one gallons for the period July 1, 1995, through June 30, 1997,
6 and four dollars and seventy-eight cents per barrel of thirty-one
7 gallons thereafter.

8 (b) The additional tax imposed under this subsection does not apply
9 to the sale of the first sixty thousand barrels of beer each year by
10 breweries that are entitled to a reduced rate of tax under 26 U.S.C.
11 Sec. 5051 of the federal internal revenue code, as existing on July 1,
12 1993, or such subsequent date as may be provided by the board by rule
13 consistent with the purposes of this exemption.

14 (c) All revenues collected from the additional tax imposed under
15 this subsection (3) (~~shall~~) must be deposited in the state general
16 fund.

17 (4) An additional tax is imposed on all beer and strong beer that
18 is subject to tax under subsection (1) of this section that is in the
19 first sixty thousand barrels of beer and strong beer by breweries that
20 are entitled to a reduced rate of tax under 26 U.S.C. Sec. 5051 of the
21 federal internal revenue code, as existing on July 1, 1993, or such
22 subsequent date as may be provided by the board by rule consistent with
23 the purposes of the exemption under subsection (3)(b) of this section.
24 The additional tax is equal to one dollar and forty-eight and two-
25 tenths cents per barrel of thirty-one gallons. By the twenty-fifth day
26 of the following month, three percent of the revenues collected from
27 this additional tax (~~shall~~) must be distributed to border areas under
28 RCW 66.08.195 and the remaining moneys (~~shall~~) must be transferred to
29 the state general fund.

30 (5)(a) From June 1, 2010, through (~~June 30, 2013~~) December 31,
31 2015, an additional tax is imposed on all beer and strong beer subject
32 to tax under subsection (1) of this section. The additional tax is
33 equal to fifteen dollars and fifty cents per barrel of thirty-one
34 gallons.

35 (b) The additional tax imposed under this subsection does not apply
36 to the sale of the first sixty thousand barrels of beer each year by
37 breweries that are entitled to a reduced rate of tax under 26 U.S.C.

1 Sec. 5051 of the federal internal revenue code, as existing on July 1,
2 1993, or such subsequent date as may be provided by the board by rule
3 consistent with the purposes of this exemption.

4 (c) All revenues collected from the additional tax imposed under
5 this subsection (~~shall~~) must be deposited in the (~~state general~~
6 ~~fund~~) education legacy trust account created in RCW 83.100.230.

7 (6) The board may make refunds for all taxes paid on beer and
8 strong beer exported from the state for use outside the state.

9 (7) The board may require filing with the board of a bond to be
10 approved by it, in such amount as the board may fix, securing the
11 payment of the tax. If any licensee fails to pay the tax when due, the
12 board may forthwith suspend or cancel his or her license until all
13 taxes are paid.

14 **Sec. 402.** RCW 82.04.29002 and 2010 1st sp.s. c 23 s 1101 are each
15 amended to read as follows:

16 (1) Beginning May 1, 2010, through (~~June 30, 2013~~) December 31,
17 2015, an additional rate of tax of 0.30 percent is added to the rate
18 provided for in RCW 82.04.255, 82.04.285, and 82.04.290(2)(a). All
19 revenues collected from the additional tax under this section must be
20 deposited into the education legacy trust account created in RCW
21 83.100.230.

22 (2)(a) The additional rate in subsection (1) of this section does
23 not apply to persons engaging within this state in business as a
24 hospital. "Hospital" has the meaning provided in chapter 70.41 RCW but
25 also includes any hospital that comes within the scope of chapter 71.12
26 RCW if the hospital is also licensed under chapter 70.41 RCW.

27 (b) The additional rate in subsection (1) of this section does not
28 apply to amounts received from performing scientific research and
29 development services including but not limited to research and
30 development in the physical, engineering, and life sciences (such as
31 agriculture, bacteriological, biotechnology, chemical, life sciences,
32 and physical science research and development laboratories or
33 services).

34 **PART V**
35 **REFERENDUM**

