

SSB 6438 - S AMD 756

By Senator Schoesler

1 Beginning on page 1, line 15, strike all of part I

2 Renumber the remaining parts and sections consecutively and
3 correct any internal references accordingly.

4 On page 49, after line 16, insert the following:

5 **"Part XII**

6 **Newspaper delivery and distribution business and occupation tax rate**

7 **Sec. 1201.** RCW 82.04.260 and 2015 3rd sp.s. c 6 s 602 and 2015
8 3rd sp.s. c 6 s 205 are each reenacted and amended to read as
9 follows:

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

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

18 (b) Beginning July 1, 2025, seafood products that remain in a
19 raw, raw frozen, or raw salted state at the completion of the
20 manufacturing by that person; or selling manufactured seafood
21 products that remain in a raw, raw frozen, or raw salted state at the
22 completion of the manufacturing, to purchasers who transport in the
23 ordinary course of business the goods out of this state; as to such
24 persons the amount of tax with respect to such business is equal to
25 the value of the products manufactured or the gross proceeds derived
26 from such sales, multiplied by the rate of 0.138 percent. Sellers
27 must keep and preserve records for the period required by RCW
28 82.32.070 establishing that the goods were transported by the
29 purchaser in the ordinary course of business out of this state;

1 (c)(i) Beginning July 1, 2025, dairy products; or selling dairy
2 products that the person has manufactured to purchasers who either
3 transport in the ordinary course of business the goods out of state
4 or purchasers who use such dairy products as an ingredient or
5 component in the manufacturing of a dairy product; as to such persons
6 the tax imposed is equal to the value of the products manufactured or
7 the gross proceeds derived from such sales multiplied by the rate of
8 0.138 percent. Sellers must keep and preserve records for the period
9 required by RCW 82.32.070 establishing that the goods were
10 transported by the purchaser in the ordinary course of business out
11 of this state or sold to a manufacturer for use as an ingredient or
12 component in the manufacturing of a dairy product.

13 (ii) For the purposes of this subsection (1)(c), "dairy products"
14 means:

15 (A) Products, not including any marijuana-infused product, that
16 as of September 20, 2001, are identified in 21 C.F.R., chapter 1,
17 parts 131, 133, and 135, including by-products from the manufacturing
18 of the dairy products, such as whey and casein; and

19 (B) Products comprised of not less than seventy percent dairy
20 products that qualify under (c)(ii)(A) of this subsection, measured
21 by weight or volume.

22 (iii) The preferential tax rate provided to taxpayers under this
23 subsection (1)(c) does not apply to sales of dairy products on or
24 after July 1, 2023, where a dairy product is used by the purchaser as
25 an ingredient or component in the manufacturing in Washington of a
26 dairy product;

27 (d)(i) Beginning July 1, 2025, fruits or vegetables by canning,
28 preserving, freezing, processing, or dehydrating fresh fruits or
29 vegetables, or selling at wholesale fruits or vegetables manufactured
30 by the seller by canning, preserving, freezing, processing, or
31 dehydrating fresh fruits or vegetables and sold to purchasers who
32 transport in the ordinary course of business the goods out of this
33 state; as to such persons the amount of tax with respect to such
34 business is equal to the value of the products manufactured or the
35 gross proceeds derived from such sales multiplied by the rate of
36 0.138 percent. Sellers must keep and preserve records for the period
37 required by RCW 82.32.070 establishing that the goods were
38 transported by the purchaser in the ordinary course of business out
39 of this state.

1 (ii) For purposes of this subsection (1)(d), "fruits" and
2 "vegetables" do not include marijuana, useable marijuana, or
3 marijuana-infused products;

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

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

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

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

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

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

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

39 (7) Upon every person engaging within this state in the business
40 of stevedoring and associated activities pertinent to the movement of

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

28 (8)(a) Upon every person engaging within this state in the
29 business of disposing of low-level waste, as defined in RCW
30 43.145.010; as to such persons the amount of the tax with respect to
31 such business is equal to the gross income of the business, excluding
32 any fees imposed under chapter 43.200 RCW, multiplied by the rate of
33 3.3 percent.

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

38 (9) Upon every person engaging within this state as an insurance
39 producer or title insurance agent licensed under chapter 48.17 RCW or
40 a surplus line broker licensed under chapter 48.15 RCW; as to such

1 persons, the amount of the tax with respect to such licensed
2 activities is equal to the gross income of such business multiplied
3 by the rate of 0.484 percent.

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

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

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

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

24 (b) Beginning July 1, 2008, upon every person who is not eligible
25 to report under the provisions of (a) of this subsection (11) and is
26 engaging within this state in the business of manufacturing tooling
27 specifically designed for use in manufacturing commercial airplanes
28 or components of such airplanes, or making sales, at retail or
29 wholesale, of such tooling manufactured by the seller, as to such
30 persons the amount of tax with respect to such business is, in the
31 case of manufacturers, equal to the value of the product manufactured
32 and the gross proceeds of sales of the product manufactured, or in
33 the case of processors for hire, be equal to the gross income of the
34 business, multiplied by the rate of 0.2904 percent.

35 (c) For the purposes of this subsection (11), "commercial
36 airplane" and "component" have the same meanings as provided in RCW
37 82.32.550.

38 (d) In addition to all other requirements under this title, a
39 person reporting under the tax rate provided in this subsection (11)

1 must file a complete annual report with the department under RCW
2 82.32.534.

3 (e)(i) Except as provided in (e)(ii) of this subsection (11),
4 this subsection (11) does not apply on and after July 1, 2040.

5 (ii) With respect to the manufacturing of commercial airplanes or
6 making sales, at retail or wholesale, of commercial airplanes, this
7 subsection (11) does not apply on and after July 1st of the year in
8 which the department makes a determination that any final assembly or
9 wing assembly of any version or variant of a commercial airplane that
10 is the basis of a siting of a significant commercial airplane
11 manufacturing program in the state under RCW 82.32.850 has been sited
12 outside the state of Washington. This subsection (11)(e)(ii) only
13 applies to the manufacturing or sale of commercial airplanes that are
14 the basis of a siting of a significant commercial airplane
15 manufacturing program in the state under RCW 82.32.850.

16 (12)(a) Until July 1, 2024, upon every person engaging within
17 this state in the business of extracting timber or extracting for
18 hire timber; as to such persons the amount of tax with respect to the
19 business is, in the case of extractors, equal to the value of
20 products, including by-products, extracted, or in the case of
21 extractors for hire, equal to the gross income of the business,
22 multiplied by the rate of 0.4235 percent from July 1, 2006, through
23 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
24 2024.

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

35 (c) Until July 1, 2024, upon every person engaging within this
36 state in the business of selling at wholesale: (i) Timber extracted
37 by that person; (ii) timber products manufactured by that person from
38 timber or other timber products; or (iii) wood products manufactured
39 by that person from timber or timber products; as to such persons the
40 amount of the tax with respect to the business is equal to the gross

1 proceeds of sales of the timber, timber products, or wood products
2 multiplied by the rate of 0.4235 percent from July 1, 2006, through
3 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
4 2024.

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

15 (e) For purposes of this subsection, the following definitions
16 apply:

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

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

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

39 (iv) "Timber" means forest trees, standing or down, on privately
40 or publicly owned land. "Timber" does not include Christmas trees

1 that are cultivated by agricultural methods or short-rotation
2 hardwoods as defined in RCW 84.33.035.

3 (v) "Timber products" means:

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

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

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

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

15 (f) Except for small harvesters as defined in RCW 84.33.035, a
16 person reporting under the tax rate provided in this subsection (12)
17 must file a complete annual survey with the department under RCW
18 82.32.585.

19 (13) Upon every person engaging within this state in inspecting,
20 testing, labeling, and storing canned salmon owned by another person,
21 as to such persons, the amount of tax with respect to such activities
22 is equal to the gross income derived from such activities multiplied
23 by the rate of 0.484 percent.

24 (14)(a) Upon every person engaging within this state in the
25 business of (i) printing a newspaper, publishing a newspaper, or
26 both, or (ii) distributing a newspaper if the person is also engaged
27 in either printing a newspaper, publishing a newspaper, or both, the
28 amount of tax on such business is equal to the gross income of the
29 business multiplied by the rate of 0.35 percent until July 1, 2024,
30 and 0.484 percent thereafter.

31 (b) A person reporting under the tax rate provided in this
32 subsection (14) must file a complete annual report with the
33 department under RCW 82.32.534."

34 Renumber the remaining part and sections consecutively and
35 correct any internal references accordingly.

SSB 6438 - S AMD 756

By Senator Schoesler

- 1 On page 1, line 2 of the title, after "RCW" strike "82.45.197,"
- 2 On page 1, line 8 of the title, after "84.34.108" strike "and
- 3 82.32.790" and insert ", 82.32.790, and 82.04.260"

EFFECT: (1) Removes the provision regarding documentation for claiming a REET exemption on inherited property as this provision passed in another bill.

(2) Clarifies the current taxation of newspapers.

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