
SUBSTITUTE HOUSE BILL 1966

State of Washington 64th Legislature 2015 Regular Session

By House Finance (originally sponsored by Representatives Fey, Zeiger, Farrell, Fitzgibbon, Nealey, Walsh, and Moscoso)

READ FIRST TIME 02/27/15.

1 AN ACT Relating to exempting transit agencies that manufacture
2 liquid natural gas or compressed natural gas for the purposes of
3 providing public transportation from the definition of manufacturing
4 in respect to business and occupation tax; and amending RCW
5 82.04.120.

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

7 **Sec. 1.** RCW 82.04.120 and 2014 c 216 s 303 are each amended to
8 read as follows:

9 (1) "To manufacture" embraces all activities of a commercial or
10 industrial nature wherein labor or skill is applied, by hand or
11 machinery, to materials so that as a result thereof a new, different
12 or useful substance or article of tangible personal property is
13 produced for sale or commercial or industrial use, and includes:

14 (a) The production or fabrication of special made or custom made
15 articles;

16 (b) The production or fabrication of dental appliances, devices,
17 restorations, substitutes, or other dental laboratory products by a
18 dental laboratory or dental technician;

19 (c) Cutting, delimiting, and measuring of felled, cut, or taken
20 trees;

1 (d) Crushing and/or blending of rock, sand, stone, gravel, or
2 ore; and

3 (e) The production of compressed natural gas or liquefied natural
4 gas for use as a transportation fuel as defined in RCW 82.16.310.

5 (2) "To manufacture" does not include:

6 (a) Conditioning of seed for use in planting; cubing hay or
7 alfalfa;

8 (b) Activities which consist of cutting, grading, or ice glazing
9 seafood which has been cooked, frozen, or canned outside this state;

10 (c) The growing, harvesting, or producing of agricultural
11 products;

12 (d) Packing of agricultural products, including sorting, washing,
13 rinsing, grading, waxing, treating with fungicide, packaging,
14 chilling, or placing in controlled atmospheric storage;

15 (e) The production of digital goods;

16 (f) The production of compressed natural gas or liquefied natural
17 gas by a municipality, as defined in RCW 35.58.272, for use as a
18 transportation fuel, as defined in RCW 82.16.310, for vehicles
19 operated by such municipalities;

20 (g) The production of computer software if the computer software
21 is delivered from the seller to the purchaser by means other than
22 tangible storage media, including the delivery by use of a tangible
23 storage media where the tangible storage media is not physically
24 transferred to the purchaser; and

25 (~~(g)~~) (h) Except as provided in subsection (1)(e) of this
26 section, any activity that is integral to any public service business
27 as defined in RCW 82.16.010 and with respect to which the gross
28 income associated with such activity: (i) Is subject to tax under
29 chapter 82.16 RCW; or (ii) would be subject to tax under chapter
30 82.16 RCW if such activity were conducted in this state or if not for
31 an exemption or deduction.

32 (3) With respect to wastewater treatment facilities:

33 (a) "To manufacture" does not include the treatment of
34 wastewater, the production of reclaimed water, and the production of
35 class B biosolids; and

36 (b) "To manufacture" does include the production of class A or
37 exceptional quality biosolids, but only with respect to the

1 processing activities that occur after the biosolids have reached
2 class B standards.

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