



1 and other wood residuals, including forest derived biomass, but does  
2 not include firewood or wood pellets. "Biomass fuel" also includes  
3 partially organic by-products of pulp, paper, and wood manufacturing  
4 processes.

5 NEW SECTION. Sec. 102. A new section is added to chapter 82.12  
6 RCW to read as follows:

7 The value of the article used with respect to refinery fuel gas  
8 under this chapter is the most recent monthly United States natural  
9 gas wellhead price, as published by the federal energy information  
10 administration.

## 11 PART II

### 12 Modifying the Nonresident Sales and Use Tax Exemption

13 **Sec. 201.** RCW 82.08.0273 and 2014 c 140 s 17 are each amended to  
14 read as follows:

15 (1) (~~The tax levied by RCW 82.08.020 does not apply to~~) Subject  
16 to the conditions and limitations in this section, an exemption from  
17 the tax levied by RCW 82.08.020 in the form of a remittance from the  
18 department is provided for sales to nonresidents of this state of  
19 tangible personal property, digital goods, and digital codes(~~(~~  
20 ~~when~~)). The exemption only applies if:

21 (a) The property is for use outside this state;

22 (b) The purchaser is a bona fide resident of a province or  
23 territory of Canada or a state, territory, or possession of the  
24 United States, other than the state of Washington; and

25 (i) Such state, possession, territory, or province does not  
26 impose, or have imposed on its behalf, a generally applicable retail  
27 sales tax, use tax, value added tax, gross receipts tax on retailing  
28 activities, or similar generally applicable tax, of three percent or  
29 more; or

30 (ii) If imposing a tax described in (b)(i) of this subsection,  
31 provides an exemption for sales to Washington residents by reason of  
32 their residence; and

33 (c) The purchaser agrees, when requested, to grant the department  
34 (~~of revenue~~) access to such records and other forms of verification  
35 at (~~his or her~~) the purchaser's place of residence to assure that  
36 such purchases are not first used substantially in the state of  
37 Washington.

1 (2) Notwithstanding anything to the contrary in this chapter, if  
2 parts or other tangible personal property are installed by the seller  
3 during the course of repairing, cleaning, altering, or improving  
4 motor vehicles, trailers, or campers and the seller makes a separate  
5 charge for the tangible personal property, the tax levied by RCW  
6 82.08.020 does not apply to the separately stated charge to a  
7 nonresident purchaser for the tangible personal property but only if  
8 the seller certifies in writing to the purchaser that the separately  
9 stated charge does not exceed either the seller's current publicly  
10 stated retail price for the tangible personal property or, if no  
11 publicly stated retail price is available, the seller's cost for the  
12 tangible personal property. However, the exemption provided by this  
13 section does not apply if tangible personal property is installed by  
14 the seller during the course of repairing, cleaning, altering, or  
15 improving motor vehicles, trailers, or campers and the seller makes a  
16 single nonitemized charge for providing the tangible personal  
17 property and service. All of the ((requirements)) provisions in  
18 subsections (1) and (3) through ((+6+)) (7) of this section apply to  
19 this subsection.

20 (3)(a) Any person claiming exemption from retail sales tax under  
21 the provisions of this section must ~~((display proof of his or her~~  
22 ~~current nonresident status as provided in this section)) pay the~~  
23 ~~state and local sales tax to the seller at the time of purchase and~~  
24 ~~then request a remittance from the department in accordance with this~~  
25 ~~subsection and subsection (4) of this section. A request for~~  
26 ~~remittance must include proof of the person's status as a nonresident~~  
27 ~~at the time of the purchase for which a remittance is requested. The~~  
28 ~~request for a remittance must also include any additional information~~  
29 ~~and documentation as required by the department, which may include a~~  
30 ~~description of the item purchased for which a remittance is~~  
31 ~~requested, the sales price of the item, the amount of sales tax paid~~  
32 ~~on the item, the date of the purchase, the name of the seller and the~~  
33 ~~physical address where the sale took place, and copies of sales~~  
34 ~~receipts showing the qualified purchases.~~

35 (b) Acceptable proof of a nonresident person's status includes  
36 one piece of identification such as a valid driver's license from the  
37 jurisdiction in which the out-of-state residency is claimed or a  
38 valid identification card which has a photograph of the holder and is  
39 issued by the out-of-state jurisdiction. Identification under this  
40 subsection (3)(b) must show the holder's residential address and have

1 as one of its legal purposes the establishment of residency in that  
2 out-of-state jurisdiction.

3 ~~((c) In lieu of furnishing proof of a person's nonresident  
4 status under (b) of this subsection (3), a person claiming exemption  
5 from retail sales tax under the provisions of this section may  
6 provide the seller with an exemption certificate in compliance with  
7 subsection (4)(b) of this section.~~

8 ~~(4)(a) Nothing in this section requires the vendor to make tax  
9 exempt retail sales to nonresidents. A vendor may choose to make  
10 sales to nonresidents, collect the sales tax, and remit the amount of  
11 sales tax collected to the state as otherwise provided by law. If the  
12 vendor chooses to make a sale to a nonresident without collecting the  
13 sales tax, the vendor must examine the purchaser's proof of  
14 nonresidence, determine whether the proof is acceptable under  
15 subsection (3)(b) of this section, and maintain records for each  
16 nontaxable sale which must show the type of proof accepted, including  
17 any identification numbers where appropriate, and the expiration  
18 date, if any.~~

19 ~~(b) In lieu of using the method provided in (a) of this  
20 subsection to document an exempt sale to a nonresident, a seller may  
21 accept from the purchaser a properly completed uniform exemption  
22 certificate approved by the streamlined sales and use tax agreement  
23 governing board or any other exemption certificate as may be  
24 authorized by the department and properly completed by the purchaser.  
25 A nonresident purchaser who uses an exemption certificate authorized  
26 in this subsection (4)(b) must include the purchaser's driver's  
27 license number or other state issued identification number and the  
28 state of issuance.~~

29 ~~(c) In lieu of using the methods provided in (a) and (b) of this  
30 subsection to document an exempt sale to a nonresident, a seller may  
31 capture the relevant data elements as allowed under the streamlined  
32 sales and use tax agreement.~~

33 ~~(5)(a) Any person making fraudulent statements, which includes  
34 the offer of fraudulent identification or fraudulently procured  
35 identification to a vendor, in order to purchase goods without paying  
36 retail sales tax is guilty of perjury under chapter 9A.72 RCW.~~

37 ~~(b) Any person making tax exempt purchases under this section by  
38 displaying proof of identification not his or her own, or counterfeit  
39 identification, with intent to violate the provisions of this  
40 section, is guilty of a misdemeanor and, in addition, is liable for~~

1 ~~the tax and subject to a penalty equal to the greater of one hundred~~  
2 ~~dollars or the tax due on such purchases.~~

3 ~~(6)(a) Any vendor who makes sales without collecting the tax and~~  
4 ~~who fails to maintain records of sales to nonresidents as provided in~~  
5 ~~this section is personally liable for the amount of tax due.~~

6 ~~(b) Any vendor who makes sales without collecting the retail~~  
7 ~~sales tax under this section and who has actual knowledge that the~~  
8 ~~purchaser's proof of identification establishing out-of-state~~  
9 ~~residency is fraudulent is guilty of a misdemeanor and, in addition,~~  
10 ~~is liable for the tax and subject to a penalty equal to the greater~~  
11 ~~of one thousand dollars or the tax due on such sales. In addition,~~  
12 ~~both the purchaser and the vendor are liable for any penalties and~~  
13 ~~interest assessable under chapter 82.32 RCW)) (4)(a)(i) Beginning~~  
14 ~~January 1, 2018, through December 31, 2018, a person may request a~~  
15 ~~remittance from the department for state sales taxes paid by the~~  
16 ~~person on qualified retail purchases made in Washington between July~~  
17 ~~1, 2017, and December 31, 2017.~~

18 ~~(ii) Beginning January 1, 2019, a person may request a remittance~~  
19 ~~from the department during any calendar year for state sales taxes~~  
20 ~~paid by the person on qualified retail purchases made in Washington~~  
21 ~~during the immediately preceding calendar year only. No application~~  
22 ~~may be made with respect to purchases made before the immediately~~  
23 ~~preceding calendar year.~~

24 ~~(b) The remittance request, including proof of nonresident status~~  
25 ~~and any other documentation and information required by the~~  
26 ~~department, must be provided in a form and manner as prescribed by~~  
27 ~~the department. Only one remittance request may be made by a person~~  
28 ~~per calendar year.~~

29 ~~(c) The total amount of a remittance request must be at least~~  
30 ~~twenty-five dollars. The department must deny any request for a~~  
31 ~~remittance that is less than twenty-five dollars.~~

32 ~~(d) The department will examine the applicant's proof of~~  
33 ~~nonresident status and any other documentation and information as~~  
34 ~~required in the application to determine whether the applicant is~~  
35 ~~entitled to a remittance under this section.~~

36 ~~(5)(a) Any person making fraudulent statements to the department,~~  
37 ~~which includes the offer of fraudulent or fraudulently procured~~  
38 ~~identification or fraudulent sales receipts, in order to receive a~~  
39 ~~remittance of retail sales tax is guilty of perjury under chapter~~

1 9A.72 RCW and is ineligible to receive any further remittances from  
2 the department under this section.

3 (b) Any person obtaining a remittance of retail sales tax from  
4 the department by providing proof of identification or sales receipts  
5 not the person's own, or counterfeit identification or sales receipts  
6 is (i) liable for repayment of the remittance, including interest as  
7 provided in chapter 82.32 RCW from the date the remittance was  
8 transmitted to the person until repaid in full, (ii) liable for a  
9 civil penalty equal to the greater of one hundred dollars or the  
10 amount of the remittance obtained in violation of this subsection  
11 (5)(b), and (iii) ineligible to receive any further remittances from  
12 the department under this section.

13 (c) Any person assisting another person in obtaining a remittance  
14 of retail sales tax in violation of (b) of this subsection (5) is  
15 jointly and severally liable for amounts due under (b) of this  
16 subsection (5) and is also ineligible to receive any further  
17 remittances from the department under this section.

18 (6) A person who receives a refund of sales tax from the seller  
19 for any reason with respect to a purchase made in this state is not  
20 entitled to a remittance for the tax paid on the purchase. A person  
21 who receives both a remittance under this section and a refund of  
22 sales tax from the seller with respect to the same purchase must  
23 immediately repay the remittance to the department. Interest as  
24 provided in chapter 82.32 RCW applies to amounts due under this  
25 section from the date that the department made the remittance until  
26 the amount due under this subsection is paid to the department. A  
27 person who receives a remittance with respect to a purchase for which  
28 the person had, at the time the person submitted the application for  
29 a remittance, already received a refund of sales tax from the seller  
30 is also liable for a civil penalty equal to the greater of one  
31 hundred dollars or the amount of the remittance obtained in violation  
32 of this subsection (6) and is ineligible to receive any further  
33 remittances from the department under this section.

34 (7) The exemption provided by this section is only for the state  
35 portion of the sales tax. For purposes of this section, the state  
36 portion of the sales tax is not reduced by any local sales tax that  
37 is deducted or credited against the state sales tax as provided by  
38 law.

39 ((+7)) (8) The exemption in this section does not apply to sales  
40 of marijuana, useable marijuana, or marijuana-infused products.

PART III

Eliminating Sales and Use Tax Exemption for Bottled Water

Sec. 301. RCW 82.08.0293 and 2014 c 140 s 22 are each amended to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to sales of food and food ingredients. "Food and food ingredients" means substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. "Food and food ingredients" does not include:

(a) "Alcoholic beverages," which means beverages that are suitable for human consumption and contain one-half of one percent or more of alcohol by volume;

(b) "Tobacco," which means cigarettes, cigars, chewing or pipe tobacco, or any other item that contains tobacco; and

(c) Marijuana, useable marijuana, or marijuana-infused products.

(2) The exemption of "food and food ingredients" provided for in subsection (1) of this section does not apply to prepared food, soft drinks, bottled water, or dietary supplements. (~~For purposes of this subsection, the following definitions apply:~~) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Bottled water" means water that is placed in a safety sealed container or package for human consumption. Bottled water is calorie free and does not contain sweeteners or other additives except that it may contain: (i) Antimicrobial agents; (ii) fluoride; (iii) carbonation; (iv) vitamins, minerals, and electrolytes; (v) oxygen; (vi) preservatives; and (vii) only those flavors, extracts, or essences derived from a spice or fruit. "Bottled water" includes water that is delivered to the buyer in a reusable container that is not sold with the water.

(b) "Dietary supplement" means any product, other than tobacco, intended to supplement the diet that:

(i) Contains one or more of the following dietary ingredients:

(A) A vitamin;

(B) A mineral;

(C) An herb or other botanical;

(D) An amino acid;

1 (E) A dietary substance for use by humans to supplement the diet  
2 by increasing the total dietary intake; or  
3 (F) A concentrate, metabolite, constituent, extract, or  
4 combination of any ingredient described in this subsection;  
5 (ii) Is intended for ingestion in tablet, capsule, powder,  
6 softgel, gelcap, or liquid form, or if not intended for ingestion in  
7 such form, is not represented as conventional food and is not  
8 represented for use as a sole item of a meal or of the diet; and  
9 (iii) Is required to be labeled as a dietary supplement,  
10 identifiable by the "supplement facts" box found on the label as  
11 required pursuant to 21 C.F.R. Sec. 101.36, as amended or renumbered  
12 as of January 1, 2003.  
13 (~~(b)~~) (c)(i) "Prepared food" means:  
14 (A) Food sold in a heated state or heated by the seller;  
15 (B) Food sold with eating utensils provided by the seller,  
16 including plates, knives, forks, spoons, glasses, cups, napkins, or  
17 straws. A plate does not include a container or packaging used to  
18 transport the food; or  
19 (C) Two or more food ingredients mixed or combined by the seller  
20 for sale as a single item, except:  
21 (I) Food that is only cut, repackaged, or pasteurized by the  
22 seller; or  
23 (II) Raw eggs, fish, meat, poultry, and foods containing these  
24 raw animal foods requiring cooking by the consumer as recommended by  
25 the federal food and drug administration in chapter 3, part 401.11 of  
26 The Food Code, published by the food and drug administration, as  
27 amended or renumbered as of January 1, 2003, so as to prevent  
28 foodborne illness.  
29 (ii) "Prepared food" does not include the following food or food  
30 ingredients, if the food or food ingredients are sold without eating  
31 utensils provided by the seller:  
32 (A) Food sold by a seller whose proper primary North American  
33 industry classification system (NAICS) classification is  
34 manufacturing in sector 311, except subsector 3118 (bakeries), as  
35 provided in the "North American industry classification system—United  
36 States, 2002";  
37 (B) Food sold in an unheated state by weight or volume as a  
38 single item; or



1 (C) Bakery items. The term "bakery items" includes bread, rolls,  
2 buns, biscuits, bagels, croissants, pastries, donuts, Danish, cakes,  
3 tortes, pies, tarts, muffins, bars, cookies, or tortillas.

4 ((+e+)) (d) "Soft drinks" means nonalcoholic beverages that  
5 contain natural or artificial sweeteners. Soft drinks do not include  
6 beverages that contain: Milk or milk products; soy, rice, or similar  
7 milk substitutes; or greater than fifty percent of vegetable or fruit  
8 juice by volume.

9 (3) Notwithstanding anything in this section to the contrary, the  
10 exemption of "food and food ingredients" provided in this section  
11 applies to food and food ingredients that are furnished, prepared, or  
12 served as meals:

13 (a) Under a state administered nutrition program for the aged as  
14 provided for in the older Americans act (P.L. 95-478 Title III) and  
15 RCW 74.38.040(6);

16 (b) That are provided to senior citizens, individuals with  
17 disabilities, or low-income persons by a not-for-profit organization  
18 organized under chapter 24.03 or 24.12 RCW; or

19 (c) That are provided to residents, sixty-two years of age or  
20 older, of a qualified low-income senior housing facility by the  
21 lessor or operator of the facility. The sale of a meal that is billed  
22 to both spouses of a marital community or both domestic partners of a  
23 domestic partnership meets the age requirement in this subsection  
24 (3)(c) if at least one of the spouses or domestic partners is at  
25 least sixty-two years of age. For purposes of this subsection,  
26 "qualified low-income senior housing facility" means a facility:

27 (i) That meets the definition of a qualified low-income housing  
28 project under 26 U.S.C. Sec. 42 of the federal internal revenue code,  
29 as existing on August 1, 2009;

30 (ii) That has been partially funded under 42 U.S.C. Sec. 1485;  
31 and

32 (iii) For which the lessor or operator has at any time been  
33 entitled to claim a federal income tax credit under 26 U.S.C. Sec. 42  
34 of the federal internal revenue code.

35 (4)(a) Subsection (1) of this section notwithstanding, the retail  
36 sale of food and food ingredients is subject to sales tax under RCW  
37 82.08.020 if the food and food ingredients are sold through a vending  
38 machine. Except as provided in (b) of this subsection, the selling  
39 price of food and food ingredients sold through a vending machine for

1 purposes of RCW 82.08.020 is fifty-seven percent of the gross  
2 receipts.

3 (b) For soft drinks and hot prepared food and food ingredients,  
4 other than food and food ingredients which are heated after they have  
5 been dispensed from the vending machine, the selling price is the  
6 total gross receipts of such sales divided by the sum of one plus the  
7 sales tax rate expressed as a decimal.

8 (c) For tax collected under this subsection (4), the requirements  
9 that the tax be collected from the buyer and that the amount of tax  
10 be stated as a separate item are waived.

11 **Sec. 302.** RCW 82.12.0293 and 2011 c 2 s 303 are each amended to  
12 read as follows:

13 (1) The provisions of this chapter do not apply in respect to the  
14 use of food and food ingredients for human consumption. "Food and  
15 food ingredients" has the same meaning as in RCW 82.08.0293.

16 (2) The exemption of "food and food ingredients" provided for in  
17 subsection (1) of this section does not apply to prepared food, soft  
18 drinks, bottled water, or dietary supplements. "Prepared food," "soft  
19 drinks," "bottled water," and "dietary supplements" have the same  
20 meanings as in RCW 82.08.0293.

21 (3) Notwithstanding anything in this section to the contrary, the  
22 exemption of "food and food ingredients" provided in this section  
23 applies to food and food ingredients which are furnished, prepared,  
24 or served as meals:

25 (a) Under a state administered nutrition program for the aged as  
26 provided for in the older Americans act (P.L. 95-478 Title III) and  
27 RCW 74.38.040(6);

28 (b) Which are provided to senior citizens, individuals with  
29 disabilities, or low-income persons by a not-for-profit organization  
30 organized under chapter 24.03 or 24.12 RCW; or

31 (c) That are provided to residents, sixty-two years of age or  
32 older, of a qualified low-income senior housing facility by the  
33 lessor or operator of the facility. The sale of a meal that is billed  
34 to both spouses of a marital community or both domestic partners of a  
35 domestic partnership meets the age requirement in this subsection  
36 (3)(c) if at least one of the spouses or domestic partners is at  
37 least sixty-two years of age. For purposes of this subsection,  
38 "qualified low-income senior housing facility" has the same meaning  
39 as in RCW 82.08.0293.

1        NEW SECTION.    **Sec. 303.**    A new section is added to chapter 82.08  
2    RCW to read as follows:

3        (1) Subject to the conditions in this section, the tax levied by  
4    RCW 82.08.020 does not apply to sales of bottled water dispensed or  
5    to be dispensed to patients pursuant to a prescription for use in the  
6    cure, mitigation, treatment, or prevention of disease or medical  
7    condition.

8        (2) For purposes of this section, "prescription" means an order,  
9    formula, or recipe issued in any form of oral, written, electronic,  
10   or other means of transmission by a duly licensed practitioner  
11   authorized by the laws of this state to prescribe.

12       (3) Except for sales of bottled water delivered to the buyer in a  
13   reusable container that is not sold with the water, sellers must  
14   collect tax on sales subject to this exemption. Any buyer that has  
15   paid at least twenty-five dollars in state and local sales taxes on  
16   purchases of bottled water subject to this exemption may apply for a  
17   refund of the taxes directly from the department in a form and manner  
18   prescribed by the department. The department must deny any refund  
19   application if the amount of the refund requested is less than  
20   twenty-five dollars. No refund may be made for taxes paid more than  
21   four years after the end of the calendar year in which the tax was  
22   paid to the seller.

23       (4) With respect to sales of bottled water delivered to the buyer  
24   in a reusable container that is not sold with the water, buyers  
25   claiming the exemption provided in this section must provide the  
26   seller with an exemption certificate in a form and manner prescribed  
27   by the department. The seller must retain a copy of the certificate  
28   for the seller's files.

29       NEW SECTION.    **Sec. 304.**    A new section is added to chapter 82.12  
30    RCW to read as follows:

31       (1) The provisions of this chapter do not apply in respect to the  
32   use of bottled water dispensed or to be dispensed to patients  
33   pursuant to a prescription for use in the cure, mitigation,  
34   treatment, or prevention of disease or medical condition.

35       (2) For the purposes of this section, "prescription" has the same  
36   meaning as provided in section 303 of this act.

37       NEW SECTION.    **Sec. 305.**    A new section is added to chapter 82.08  
38    RCW to read as follows:

1 (1)(a) Subject to the conditions in this section, the tax levied  
2 by RCW 82.08.020 does not apply to sales of bottled water to persons  
3 whose primary source of drinking water is unsafe.

4 (b) For purposes of this subsection and section 306 of this act,  
5 a person's primary source of drinking water is unsafe if:

6 (i) The public water system providing the drinking water has  
7 issued a public notification that the drinking water may pose a  
8 health risk, and the notification is still in effect on the date that  
9 the bottled water was purchased;

10 (ii) Test results on the person's drinking water, which are no  
11 more than twelve months old, from a laboratory certified to perform  
12 drinking water testing show that the person's drinking water does not  
13 meet safe drinking water standards applicable to public water  
14 systems; or

15 (iii) The person otherwise establishes, to the department's  
16 satisfaction, that the person's drinking water does not meet safe  
17 drinking water standards applicable to public water systems.

18 (2) Except for sales of bottled water delivered to the buyer in a  
19 reusable container that is not sold with the water, sellers must  
20 collect tax on sales subject to this exemption. Any buyer that has  
21 paid at least twenty-five dollars in state and local sales taxes on  
22 purchases of bottled water subject to this exemption may apply for a  
23 refund of the taxes directly from the department in a form and manner  
24 prescribed by the department. The department must deny any refund  
25 application if the amount of the refund requested is less than  
26 twenty-five dollars. No refund may be made for taxes paid more than  
27 four years after the end of the calendar year in which the tax was  
28 paid to the seller.

29 (3)(a) With respect to sales of bottled water delivered to the  
30 buyer in a reusable container that is not sold with the water, buyers  
31 claiming the exemption provided in this section must provide the  
32 seller with an exemption certificate in a form and manner prescribed  
33 by the department. The seller must retain a copy of the certificate  
34 for the seller's files.

35 (b) The department may waive the requirement for an exemption  
36 certificate in the event of disaster or similar circumstance.

37 NEW SECTION. **Sec. 306.** A new section is added to chapter 82.12  
38 RCW to read as follows:

1 The provisions of this chapter do not apply in respect to the use  
2 of bottled water by persons whose primary source of drinking water is  
3 unsafe as provided in section 305 of this act.

4 NEW SECTION. **Sec. 307.** Sections 303 through 306 of this act are  
5 not subject to RCW 82.32.805 and 82.32.808.

6 **PART IV**  
7 **Real Estate Excise Tax on Foreclosures**

8 **Sec. 401.** RCW 82.45.010 and 2014 c 58 s 24 are each amended to  
9 read as follows:

10 (1) As used in this chapter, the term "sale" has its ordinary  
11 meaning and includes any conveyance, grant, assignment, quitclaim, or  
12 transfer of the ownership of or title to real property, including  
13 standing timber, or any estate or interest therein for a valuable  
14 consideration, and any contract for such conveyance, grant,  
15 assignment, quitclaim, or transfer, and any lease with an option to  
16 purchase real property, including standing timber, or any estate or  
17 interest therein or other contract under which possession of the  
18 property is given to the purchaser, or any other person at the  
19 purchaser's direction, and title to the property is retained by the  
20 vendor as security for the payment of the purchase price. The term  
21 also includes the grant, assignment, quitclaim, sale, or transfer of  
22 improvements constructed upon leased land.

23 (2)(a) The term "sale" also includes the transfer or acquisition  
24 within any twelve-month period of a controlling interest in any  
25 entity with an interest in real property located in this state for a  
26 valuable consideration.

27 (b) For the sole purpose of determining whether, pursuant to the  
28 exercise of an option, a controlling interest was transferred or  
29 acquired within a twelve-month period, the date that the option  
30 agreement was executed is the date on which the transfer or  
31 acquisition of the controlling interest is deemed to occur. For all  
32 other purposes under this chapter, the date upon which the option is  
33 exercised is the date of the transfer or acquisition of the  
34 controlling interest.

35 (c) For purposes of this subsection, all acquisitions of persons  
36 acting in concert must be aggregated for purposes of determining  
37 whether a transfer or acquisition of a controlling interest has taken

1 place. The department must adopt standards by rule to determine when  
2 persons are acting in concert. In adopting a rule for this purpose,  
3 the department must consider the following:

4 (i) Persons must be treated as acting in concert when they have a  
5 relationship with each other such that one person influences or  
6 controls the actions of another through common ownership; and

7 (ii) When persons are not commonly owned or controlled, they must  
8 be treated as acting in concert only when the unity with which the  
9 purchasers have negotiated and will consummate the transfer of  
10 ownership interests supports a finding that they are acting as a  
11 single entity. If the acquisitions are completely independent, with  
12 each purchaser buying without regard to the identity of the other  
13 purchasers, then the acquisitions are considered separate  
14 acquisitions.

15 (3) The term "sale" does not include:

16 (a) A transfer by gift, devise, or inheritance.

17 (b) A transfer by transfer on death deed, to the extent that it  
18 is not in satisfaction of a contractual obligation of the decedent  
19 owed to the recipient of the property.

20 (c) A transfer of any leasehold interest other than of the type  
21 mentioned above.

22 (d) A cancellation or forfeiture of a vendee's interest in a  
23 contract for the sale of real property, whether or not such contract  
24 contains a forfeiture clause, or deed in lieu of foreclosure of ((a  
25 mortgage)) either a mortgage or deed of trust, except to the extent  
26 of any additional consideration provided to the grantor.

27 (e) The partition of property by tenants in common by agreement  
28 or as the result of a court decree.

29 (f) The assignment of property or interest in property from one  
30 spouse or one domestic partner to the other spouse or other domestic  
31 partner in accordance with the terms of a decree of dissolution of  
32 marriage or state registered domestic partnership or in fulfillment  
33 of a property settlement agreement.

34 (g) The assignment or other transfer of a vendor's interest in a  
35 contract for the sale of real property, even though accompanied by a  
36 conveyance of the vendor's interest in the real property involved.

37 (h) Transfers by appropriation or decree in condemnation  
38 proceedings brought by the United States, the state or any political  
39 subdivision thereof, or a municipal corporation.

1 (i) A mortgage, deed of trust, or other transfer of an interest  
2 in real property merely to secure a debt, or the assignment,  
3 reconveyance, or release thereof.

4 (j) Any transfer or conveyance made pursuant to a foreclosure of  
5 a mortgage or deed of trust or an order of sale by the court in any  
6 mortgage, deed of trust, or lien foreclosure proceeding or upon  
7 execution of a judgment(~~(, or deed in lieu of foreclosure to satisfy~~  
8 ~~a mortgage or deed of trust))~~ pursuant to chapter 6.17 RCW, but only  
9 when:

10 (i) The transfer or conveyance is to other than the mortgagee,  
11 beneficiary of the deed of trust, lienholder, or judgment creditor,  
12 and the selling price exceeds the amount of the lien, security  
13 interest, or judgment that is the subject of the foreclosure or  
14 execution; or

15 (ii) The transfer or conveyance is to the United States, this  
16 state, or any political subdivision thereof, or a municipal  
17 corporation of this state.

18 (k) A conveyance to the federal housing administration or  
19 veterans administration by an authorized mortgagee made pursuant to a  
20 contract of insurance or guaranty with the federal housing  
21 administration or veterans administration.

22 (l) A transfer in compliance with the terms of any lease or  
23 contract upon which the tax as imposed by this chapter has been paid  
24 or where the lease or contract was entered into prior to the date  
25 this tax was first imposed.

26 (m) The sale of any grave or lot in an established cemetery.

27 (n) A sale by the United States, this state or any political  
28 subdivision thereof, or a municipal corporation of this state.

29 (o) A sale to a regional transit authority or public corporation  
30 under RCW 81.112.320 under a sale/leaseback agreement under RCW  
31 81.112.300.

32 (p) A transfer of real property, however effected, if it consists  
33 of a mere change in identity or form of ownership of an entity where  
34 there is no change in the beneficial ownership. These include  
35 transfers to a corporation or partnership which is wholly owned by  
36 the transferor and/or the transferor's spouse or domestic partner or  
37 children of the transferor or the transferor's spouse or domestic  
38 partner. However, if thereafter such transferee corporation or  
39 partnership voluntarily transfers such real property, or such  
40 transferor, spouse or domestic partner, or children of the transferor

1 or the transferor's spouse or domestic partner voluntarily transfer  
2 stock in the transferee corporation or interest in the transferee  
3 partnership capital, as the case may be, to other than (i) the  
4 transferor and/or the transferor's spouse or domestic partner or  
5 children of the transferor or the transferor's spouse or domestic  
6 partner, (ii) a trust having the transferor and/or the transferor's  
7 spouse or domestic partner or children of the transferor or the  
8 transferor's spouse or domestic partner as the only beneficiaries at  
9 the time of the transfer to the trust, or (iii) a corporation or  
10 partnership wholly owned by the original transferor and/or the  
11 transferor's spouse or domestic partner or children of the transferor  
12 or the transferor's spouse or domestic partner, within three years of  
13 the original transfer to which this exemption applies, and the tax on  
14 the subsequent transfer has not been paid within sixty days of  
15 becoming due, excise taxes become due and payable on the original  
16 transfer as otherwise provided by law.

17 (q)(i) A transfer that for federal income tax purposes does not  
18 involve the recognition of gain or loss for entity formation,  
19 liquidation or dissolution, and reorganization, including but not  
20 limited to nonrecognition of gain or loss because of application of  
21 26 U.S.C. Sec. 332, 337, 351, 368(a)(1), 721, or 731 of the internal  
22 revenue code of 1986, as amended.

23 (ii) However, the transfer described in (q)(i) of this subsection  
24 cannot be preceded or followed within a twelve-month period by  
25 another transfer or series of transfers, that, when combined with the  
26 otherwise exempt transfer or transfers described in (q)(i) of this  
27 subsection, results in the transfer of a controlling interest in the  
28 entity for valuable consideration, and in which one or more persons  
29 previously holding a controlling interest in the entity receive cash  
30 or property in exchange for any interest the person or persons acting  
31 in concert hold in the entity. This subsection (3)(q)(ii) does not  
32 apply to that part of the transfer involving property received that  
33 is the real property interest that the person or persons originally  
34 contributed to the entity or when one or more persons who did not  
35 contribute real property or belong to the entity at a time when real  
36 property was purchased receive cash or personal property in exchange  
37 for that person or persons' interest in the entity. The real estate  
38 excise tax under this subsection (3)(q)(ii) is imposed upon the  
39 person or persons who previously held a controlling interest in the  
40 entity.



1 (r) A qualified sale of a manufactured/mobile home community, as  
2 defined in RCW 59.20.030, that takes place on or after June 12, 2008,  
3 but before December 31, 2018.

4 **Sec. 402.** RCW 82.45.080 and 2010 1st sp.s. c 23 s 210 are each  
5 amended to read as follows:

6 (1) Except as otherwise provided in this chapter, the tax levied  
7 under this chapter is the obligation of the seller and the department  
8 may, at the department's option, enforce the obligation through an  
9 action of debt against the seller or the department may proceed in  
10 the manner prescribed for the foreclosure of mortgages. The  
11 department's use of one course of enforcement is not an election not  
12 to pursue the other.

13 (2) When a transfer or conveyance made pursuant to a judicial or  
14 nonjudicial foreclosure of a mortgage, deed of trust, lien, or  
15 enforcement of a judgment is subject to tax under this chapter, and  
16 notwithstanding any other provisions of law, the tax levied under  
17 this chapter is the obligation of the transferee or grantee, and  
18 provisions of this chapter applicable to the seller apply to the  
19 transferee or grantee. The department may enforce the obligation  
20 against the transferee or grantee as provided in subsection (1) of  
21 this section.

22 (3) For purposes of this section and notwithstanding any other  
23 provisions of law, the seller is the parent corporation of a wholly  
24 owned subsidiary, when such subsidiary is the transferor to a third-  
25 party transferee and the subsidiary is dissolved before paying the  
26 tax imposed under this chapter.

27 NEW SECTION. **Sec. 403.** RCW 82.32.805 and 82.32.808 do not apply  
28 to section 401 of this act.

## 29 PART V

### 30 Limit Trade-In Exclusion

31 **Sec. 501.** RCW 82.08.010 and 2014 c 140 s 11 are each amended to  
32 read as follows:

33 For the purposes of this chapter:

34 (1)(a)(i) "Selling price" includes "sales price." "Sales price"  
35 means the total amount of consideration, (~~except separately stated~~  
36 ~~trade-in property of like kind,~~) including cash, credit, property,

1 and services, for which tangible personal property, extended  
2 warranties, digital goods, digital codes, digital automated services,  
3 or other services or anything else defined as a "retail sale" under  
4 RCW 82.04.050 are sold, leased, or rented, valued in money, whether  
5 received in money or otherwise. No deduction from the total amount of  
6 consideration is allowed for the following: (A) The seller's cost of  
7 the property sold; (B) the cost of materials used, labor or service  
8 cost, interest, losses, all costs of transportation to the seller,  
9 all taxes imposed on the seller, and any other expense of the seller;  
10 (C) charges by the seller for any services necessary to complete the  
11 sale, other than delivery and installation charges; (D) delivery  
12 charges; and (E) installation charges.

13 (ii) When tangible personal property is rented or leased under  
14 circumstances that the consideration paid does not represent a  
15 reasonable rental for the use of the articles so rented or leased,  
16 the "selling price" must be determined as nearly as possible  
17 according to the value of such use at the places of use of similar  
18 products of like quality and character under such rules as the  
19 department may prescribe;

20 (b) "Selling price" or "sales price" does not include:

21 (i) The value of separately stated trade-in property of like  
22 kind, up to a maximum amount of ten thousand dollars;

23 (ii) Discounts, including cash, term, or coupons that are not  
24 reimbursed by a third party that are allowed by a seller and taken by  
25 a purchaser on a sale;

26 (iii) Interest, financing, and carrying charges from credit  
27 extended on the sale of tangible personal property, extended  
28 warranties, digital goods, digital codes, digital automated services,  
29 or other services or anything else defined as a retail sale in RCW  
30 82.04.050, if the amount is separately stated on the invoice, bill of  
31 sale, or similar document given to the purchaser; and

32 (iv) Any taxes legally imposed directly on the consumer that are  
33 separately stated on the invoice, bill of sale, or similar document  
34 given to the purchaser;

35 (c) "Selling price" or "sales price" includes consideration  
36 received by the seller from a third party if:

37 (i) The seller actually receives consideration from a party other  
38 than the purchaser, and the consideration is directly related to a  
39 price reduction or discount on the sale;

1 (ii) The seller has an obligation to pass the price reduction or  
2 discount through to the purchaser;

3 (iii) The amount of the consideration attributable to the sale is  
4 fixed and determinable by the seller at the time of the sale of the  
5 item to the purchaser; and

6 (iv) One of the criteria in this subsection (1)(c)(iv) is met:

7 (A) The purchaser presents a coupon, certificate, or other  
8 documentation to the seller to claim a price reduction or discount  
9 where the coupon, certificate, or documentation is authorized,  
10 distributed, or granted by a third party with the understanding that  
11 the third party will reimburse any seller to whom the coupon,  
12 certificate, or documentation is presented;

13 (B) The purchaser identifies himself or herself to the seller as  
14 a member of a group or organization entitled to a price reduction or  
15 discount, however a "preferred customer" card that is available to  
16 any patron does not constitute membership in such a group; or

17 (C) The price reduction or discount is identified as a third  
18 party price reduction or discount on the invoice received by the  
19 purchaser or on a coupon, certificate, or other documentation  
20 presented by the purchaser;

21 (2)(a) "Seller" means every person, including the state and its  
22 departments and institutions, making sales at retail or retail sales  
23 to a buyer, purchaser, or consumer, whether as agent, broker, or  
24 principal, except "seller" does not mean:

25 (i) The state and its departments and institutions when making  
26 sales to the state and its departments and institutions; or

27 (ii) A professional employer organization when a covered employee  
28 coemployed with the client under the terms of a professional employer  
29 agreement engages in activities that constitute a sale at retail that  
30 is subject to the tax imposed by this chapter. In such cases, the  
31 client, and not the professional employer organization, is deemed to  
32 be the seller and is responsible for collecting and remitting the tax  
33 imposed by this chapter.

34 (b) For the purposes of (a) of this subsection, the terms  
35 "client," "covered employee," "professional employer agreement," and  
36 "professional employer organization" have the same meanings as in RCW  
37 82.04.540;

38 (3) "Buyer," "purchaser," and "consumer" include, without  
39 limiting the scope hereof, every individual, receiver, assignee,  
40 trustee in bankruptcy, trust, estate, firm, copartnership, joint

1 venture, club, company, joint stock company, business trust,  
2 corporation, association, society, or any group of individuals acting  
3 as a unit, whether mutual, cooperative, fraternal, nonprofit, or  
4 otherwise, municipal corporation, quasi municipal corporation, and  
5 also the state, its departments and institutions and all political  
6 subdivisions thereof, irrespective of the nature of the activities  
7 engaged in or functions performed, and also the United States or any  
8 instrumentality thereof;

9 (4) "Delivery charges" means charges by the seller of personal  
10 property or services for preparation and delivery to a location  
11 designated by the purchaser of personal property or services  
12 including, but not limited to, transportation, shipping, postage,  
13 handling, crating, and packing;

14 (5) "Direct mail" means printed material delivered or distributed  
15 by United States mail or other delivery service to a mass audience or  
16 to addressees on a mailing list provided by the purchaser or at the  
17 direction of the purchaser when the cost of the items are not billed  
18 directly to the recipients. "Direct mail" includes tangible personal  
19 property supplied directly or indirectly by the purchaser to the  
20 direct mail seller for inclusion in the package containing the  
21 printed material. "Direct mail" does not include multiple items of  
22 printed material delivered to a single address;

23 (6) The meaning attributed in chapter 82.04 RCW to the terms "tax  
24 year," "taxable year," "person," "company," "sale," "sale at  
25 wholesale," "wholesale," "business," "engaging in business," "cash  
26 discount," "successor," "consumer," "in this state," "within this  
27 state," "marijuana," "useable marijuana," and "marijuana-infused  
28 products" applies equally to the provisions of this chapter;

29 (7) For the purposes of the taxes imposed under this chapter and  
30 under chapter 82.12 RCW, "tangible personal property" means personal  
31 property that can be seen, weighed, measured, felt, or touched, or  
32 that is in any other manner perceptible to the senses. Tangible  
33 personal property includes electricity, water, gas, steam, and  
34 prewritten computer software;

35 (8) "Extended warranty" has the same meaning as in RCW  
36 82.04.050(7);

37 (9) The definitions in RCW 82.04.192 apply to this chapter;

38 (10) For the purposes of the taxes imposed under this chapter and  
39 chapter 82.12 RCW, whenever the terms "property" or "personal

1 property" are used, those terms must be construed to include digital  
2 goods and digital codes unless:

3 (a) It is clear from the context that the term "personal  
4 property" is intended only to refer to tangible personal property;

5 (b) It is clear from the context that the term "property" is  
6 intended only to refer to tangible personal property, real property,  
7 or both; or

8 (c) To construe the term "property" or "personal property" as  
9 including digital goods and digital codes would yield unlikely,  
10 absurd, or strained consequences; and

11 (11) "Retail sale" or "sale at retail" means any sale, lease, or  
12 rental for any purpose other than for resale, sublease, or subrent.

13 (12) The terms "agriculture," "farming," "horticulture,"  
14 "horticultural," and "horticultural product" may not be construed to  
15 include or relate to marijuana, useable marijuana, or marijuana-  
16 infused products unless the applicable term is explicitly defined to  
17 include marijuana, useable marijuana, or marijuana-infused products.

18

## PART VI

19

### Business License Fee

20 **Sec. 601.** RCW 19.02.075 and 2013 c 144 s 20 are each amended to  
21 read as follows:

22 The department must collect a handling fee on each business  
23 license application and each renewal application filing. The  
24 department must set the amount of the handling fees by rule, as  
25 authorized by RCW 19.02.030. The handling fees may not exceed  
26 (~~nineteen~~) fifty dollars for each business license application, and  
27 (~~eleven~~) twenty-five dollars for each business license renewal  
28 application filing, and must be deposited in the business license  
29 account. The department may increase handling and renewal fees for  
30 the purposes of making improvements in the business licensing service  
31 program, including improvements in technology and customer services,  
32 expanded access, and infrastructure.

33 **Sec. 602.** RCW 19.02.210 and 2016 sp.s. c 36 s 916 are each  
34 amended to read as follows:

35 The business license account is created in the state treasury.  
36 Unless otherwise indicated in RCW 19.02.075, all receipts from  
37 handling and business license delinquency fees must be deposited into

1 the account. Moneys in the account may be spent only after  
2 appropriation beginning in fiscal year 1993. Expenditures from the  
3 account may be used only to administer the business licensing service  
4 program and for operations of the department of revenue. During the  
5 2015-2017 fiscal biennium, moneys from the business license account  
6 may be used for operations of the department of revenue.

7 **PART VII**

8 **Interest Rate on Assessments and Refunds**

9 **Sec. 701.** RCW 82.32.050 and 2008 c 181 s 501 are each amended to  
10 read as follows:

11 (1)(a) If upon examination of any returns or from other  
12 information obtained by the department it appears that a tax or  
13 penalty has been paid less than that properly due, the department  
14 (~~shall~~) must assess against the taxpayer such additional amount  
15 found to be due and (~~shall~~) must add thereto interest on the tax  
16 only. The department (~~shall~~) must notify the taxpayer by mail, or  
17 electronically as provided in RCW 82.32.135, of the additional amount  
18 and the additional amount (~~shall~~) becomes due and (~~shall~~) must be  
19 paid within thirty days from the date of the notice, or within such  
20 further time as the department may provide.

21 (~~(a) For tax liabilities arising before January 1, 1992,~~  
22 ~~interest shall be computed at the rate of nine percent per annum from~~  
23 ~~the last day of the year in which the deficiency is incurred until~~  
24 ~~the earlier of December 31, 1998, or the date of payment. After~~  
25 ~~December 31, 1998, the rate of interest shall be variable and~~  
26 ~~computed as provided in subsection (2) of this section. The rate so~~  
27 ~~computed shall be adjusted on the first day of January of each year~~  
28 ~~for use in computing interest for that calendar year.~~

29 (~~b) For tax liabilities arising after December 31, 1991,))~~

30 (b) The rate of interest (~~shall~~) must be variable and computed  
31 as provided in subsection (2) of this section from the last day of  
32 the year in which the deficiency is incurred until the date of  
33 payment. (~~The rate so computed shall be adjusted on the first day of~~  
34 ~~January of each year for use in computing interest for that calendar~~  
35 ~~year.))~~

36 (c) Interest (~~imposed after December 31, 1998, shall~~) must be  
37 computed from the last day of the month following each calendar year  
38 included in a notice, and the last day of the month following the

1 final month included in a notice if not the end of a calendar year,  
2 until the due date of the notice. If payment in full is not made by  
3 the due date of the notice, additional interest (~~shall~~) must be  
4 computed until the date of payment. The rate of interest (~~shall be~~)  
5 is variable and computed as provided in subsection (2) of this  
6 section. The rate so computed (~~shall~~) must be adjusted on the first  
7 day of January of each year for use in computing interest for that  
8 calendar year.

9 (2)(a) For the purposes of this section, the rate of interest to  
10 be charged to the taxpayer (~~shall be an~~) is as follows:

11 (i) For all interest imposed through December 31, 2017, and for  
12 interest imposed after December 31, 2017, except qualifying interest,  
13 the rate of interest is the average of the federal short-term rate as  
14 defined in Title 26 U.S.C. Sec. 1274(d) of the internal revenue code  
15 plus two percentage points.

16 (ii) For qualifying interest imposed beginning January 1, 2018,  
17 the rate of interest is the average of the federal short-term rate as  
18 defined in Title 26 U.S.C. Sec. 1274(d) of the internal revenue code  
19 plus four percentage points.

20 (b) The rate set for each new year (~~shall~~) must be computed by  
21 taking an arithmetical average to the nearest percentage point of the  
22 federal short-term rate, compounded annually. That average (~~shall~~)  
23 must be calculated using the rates from four months: January, April,  
24 and July of the calendar year immediately preceding the new year, and  
25 October of the previous preceding year.

26 (c) For the purposes of this subsection (2), the following  
27 definitions apply:

28 (i) "Combined excise tax return" means any version of the return  
29 used for reporting the primary excise taxes administered by the  
30 department, including taxes due under chapters 82.04, 82.08, 82.12,  
31 and 82.16 RCW, whether such return is filed electronically or on a  
32 paper document; and

33 (ii) "Qualifying interest" means interest added to any taxes that  
34 are required to be reported on the department's combined excise tax  
35 return.

36 (3) During a state of emergency declared under RCW 43.06.010(12),  
37 the department, on its own motion or at the request of any taxpayer  
38 affected by the emergency, may extend the due date of any assessment  
39 or correction of an assessment for additional taxes, penalties, or  
40 interest as the department deems proper.

1 (4) No assessment or correction of an assessment for additional  
2 taxes, penalties, or interest due may be made by the department more  
3 than four years after the close of the tax year, except (a) against a  
4 taxpayer who has not registered as required by this chapter, (b) upon  
5 a showing of fraud or of misrepresentation of a material fact by the  
6 taxpayer, or (c) where a taxpayer has executed a written waiver of  
7 such limitation. The execution of a written waiver (~~shall~~) also  
8 extends the period for making a refund or credit as provided in RCW  
9 82.32.060(2).

10 (5) For the purposes of this section, "return" means any document  
11 a person is required by the state of Washington to file to satisfy or  
12 establish a tax or fee obligation that is administered or collected  
13 by the department (~~of revenue~~) and that has a statutorily defined  
14 due date.

15 **Sec. 702.** RCW 82.32.060 and 2009 c 176 s 4 are each amended to  
16 read as follows:

17 (1) If, upon receipt of an application by a taxpayer for a refund  
18 or for an audit of the taxpayer's records, or upon an examination of  
19 the returns or records of any taxpayer, it is determined by the  
20 department that within the statutory period for assessment of taxes,  
21 penalties, or interest prescribed by RCW 82.32.050 any amount of tax,  
22 penalty, or interest has been paid in excess of that properly due,  
23 the excess amount paid within, or attributable to, such period must  
24 be credited to the taxpayer's account or must be refunded to the  
25 taxpayer, at the taxpayer's option. Except as provided in subsection  
26 (2) of this section, no refund or credit may be made for taxes,  
27 penalties, or interest paid more than four years prior to the  
28 beginning of the calendar year in which the refund application is  
29 made or examination of records is completed.

30 (2)(a) The execution of a written waiver under RCW 82.32.050 or  
31 82.32.100 will extend the time for making a refund or credit of any  
32 taxes paid during, or attributable to, the years covered by the  
33 waiver if, prior to the expiration of the waiver period, an  
34 application for refund of such taxes is made by the taxpayer or the  
35 department discovers a refund or credit is due.

36 (b) A refund or credit must be allowed for an excess payment  
37 resulting from the failure to claim a bad debt deduction, credit, or  
38 refund under RCW 82.04.4284, 82.08.037, 82.12.037, 82.14B.150, or  
39 82.16.050(5) for debts that became bad debts under 26 U.S.C. Sec.



1 166, as amended or renumbered as of January 1, 2003, less than four  
2 years prior to the beginning of the calendar year in which the refund  
3 application is made or examination of records is completed.

4 (3) Any such refunds must be made by means of vouchers approved  
5 by the department and by the issuance of state warrants drawn upon  
6 and payable from such funds as the legislature may provide. However,  
7 taxpayers who are required to pay taxes by electronic funds transfer  
8 under RCW 82.32.080 must have any refunds paid by electronic funds  
9 transfer if the department has the necessary account information to  
10 facilitate a refund by electronic funds transfer.

11 (4) Any judgment for which a recovery is granted by any court of  
12 competent jurisdiction, not appealed from, for tax, penalties, and  
13 interest which were paid by the taxpayer, and costs, in a suit by any  
14 taxpayer must be paid in the same manner, as provided in subsection  
15 (3) of this section, upon the filing with the department of a  
16 certified copy of the order or judgment of the court.

17 ~~((a) Interest at the rate of three percent per annum must be  
18 allowed by the department and by any court on the amount of any  
19 refund, credit, or other recovery allowed to a taxpayer for taxes,  
20 penalties, or interest paid by the taxpayer before January 1, 1992.  
21 This rate of interest applies for all interest allowed through  
22 December 31, 1998. Interest allowed after December 31, 1998, must be  
23 computed at the rate as computed under RCW 82.32.050(2). The rate so  
24 computed must be adjusted on the first day of January of each year  
25 for use in computing interest for that calendar year.~~

26 ~~(b) For refunds or credits of amounts paid or other recovery  
27 allowed to a taxpayer after December 31, 1991, the rate of interest  
28 must be the rate as computed for assessments under RCW 82.32.050(2)  
29 less one percent. This rate of interest applies for all interest  
30 allowed through December 31, 1998. Interest allowed after December  
31 31, 1998, must be computed at the rate as computed under RCW  
32 82.32.050(2). The rate so computed must be adjusted on the first day  
33 of January of each year for use in computing interest for that  
34 calendar year.))~~

35 (5)(a) Interest must be added to the amount of any refund,  
36 credit, or other recovery allowed under this section for taxes,  
37 penalties, or interest paid by the taxpayer at the following rates:

38 (i) For all interest allowed through December 31, 2017, and for  
39 interest allowed after December 31, 2017, except qualifying interest,  
40 the interest rate is the same as provided in RCW 82.32.050(2)(a)(i).

1 (ii) For qualifying interest allowed beginning January 1, 2018,  
2 the interest rate is the same as provided in RCW 82.32.050(2)(a)(ii),  
3 reduced by four percentage points.

4 (b) The rate so computed under (a) of this subsection (5) must be  
5 adjusted on the first day of January of each year for use in  
6 computing interest for that calendar year.

7 (c) For purposes of this subsection (5), the following  
8 definitions apply:

9 (i) "Combined excise tax return" has the same meaning as in RCW  
10 82.32.050; and

11 (ii) "Qualifying interest" means interest due on amounts paid in  
12 excess of the proper amount due for any tax required to be reported  
13 on the department's combined excise tax return, including any  
14 penalties and interest added to such tax.

15 (6) Interest allowed on a credit notice or refund issued after  
16 December 31, 2003, must be computed as follows:

17 (a) If all overpayments for each calendar year and all reporting  
18 periods ending with the final month included in a notice or refund  
19 were made on or before the due date of the final return for each  
20 calendar year or the final reporting period included in the notice or  
21 refund:

22 (i) Interest must be computed from January 31st following each  
23 calendar year included in a notice or refund; or

24 (ii) Interest must be computed from the last day of the month  
25 following the final month included in a notice or refund.

26 (b) If the taxpayer has not made all overpayments for each  
27 calendar year and all reporting periods ending with the final month  
28 included in a notice or refund on or before the dates specified by  
29 RCW 82.32.045 for the final return for each calendar year or the  
30 final month included in the notice or refund, interest must be  
31 computed from the last day of the month following the date on which  
32 payment in full of the liabilities was made for each calendar year  
33 included in a notice or refund, and the last day of the month  
34 following the date on which payment in full of the liabilities was  
35 made if the final month included in a notice or refund is not the end  
36 of a calendar year.

37 (c) Interest included in a credit notice must accrue up to the  
38 date the taxpayer could reasonably be expected to use the credit  
39 notice, as defined by the department's rules. If a credit notice is  
40 converted to a refund, interest must be recomputed to the date the

1 refund is issued, but not to exceed the amount of interest that would  
2 have been allowed with the credit notice.

3 **PART VIII**

4 **Trust Fund Accountability**

5 **Sec. 801.** RCW 82.32.145 and 2015 c 188 s 121 are each amended to  
6 read as follows:

7 (1) Whenever the department has issued a warrant under RCW  
8 82.32.210 for the collection of unpaid (~~trust-fund~~) recoverable  
9 taxes from a limited liability business entity and that business  
10 entity has been terminated, dissolved, or abandoned, or is insolvent,  
11 the department may pursue collection of the entity's unpaid (~~trust~~  
12 ~~fund~~) recoverable taxes, including penalties and interest on those  
13 taxes, against any or all of the responsible individuals. For  
14 purposes of this subsection, "insolvent" means the condition that  
15 results when the sum of the entity's debts exceeds the fair market  
16 value of its assets. The department may presume that an entity is  
17 insolvent if the entity refuses to disclose to the department the  
18 nature of its assets and liabilities.

19 (2) Personal liability under this section may be imposed only for  
20 state and local (~~trust-fund~~) recoverable taxes.

21 (3)(a) For a responsible individual who is the current or a  
22 former chief executive or chief financial officer, liability under  
23 this section applies regardless of fault or whether the individual  
24 was or should have been aware of the unpaid (~~trust-fund~~)  
25 recoverable tax liability of the limited liability business entity.  
26 This subsection (3)(a) applies only with respect to recoverable tax  
27 liability described in subsection (4)(a)(i) of this section.

28 (b) For any other responsible individual, liability under this  
29 section applies only if he or she willfully fails to pay or to cause  
30 to be paid to the department the (~~trust-fund~~) recoverable taxes due  
31 from the limited liability business entity.

32 (4)(a)(i) Except as provided in (a)(ii) of this subsection (4)  
33 (~~(a)~~), a responsible individual who is the current or a former  
34 chief executive or chief financial officer is liable under this  
35 section only for (~~trust-fund~~) recoverable tax liability accrued  
36 during the period that he or she was the chief executive or chief  
37 financial officer.

1       (ii) However, if the responsible individual had the  
2 responsibility or duty to remit payment of the limited liability  
3 business entity's (~~trust-fund~~) recoverable taxes to the department  
4 during any period of time that the person was not the chief executive  
5 or chief financial officer, that individual is also liable for  
6 (~~trust-fund~~) recoverable tax liability that became due during the  
7 period that he or she had the duty to remit payment of the limited  
8 liability business entity's taxes to the department but was not the  
9 chief executive or chief financial officer. The provisions of  
10 subsection (3)(b) of this section apply to recoverable tax liability  
11 imposed under this subsection (4)(a)(ii).

12       (b) All other responsible individuals are liable under this  
13 section only for (~~trust-fund~~) recoverable tax liability that became  
14 due during the period he or she had the responsibility or duty to  
15 remit payment of the limited liability business entity's taxes to the  
16 department.

17       (5) Persons described in subsection (3)(b) of this section are  
18 exempt from liability under this section in situations where  
19 nonpayment of the limited liability business entity's (~~trust-fund~~)  
20 recoverable taxes is due to reasons beyond their control as  
21 determined by the department by rule.

22       (6) Any person having been issued a notice of assessment under  
23 this section is entitled to the appeal procedures under RCW  
24 82.32.160, 82.32.170, 82.32.180, 82.32.190, and 82.32.200.

25       (7) This section does not relieve the limited liability business  
26 entity of its (~~trust-fund~~) recoverable tax liability or otherwise  
27 impair other tax collection remedies afforded by law.

28       (8) Collection authority and procedures prescribed in this  
29 chapter apply to collections under this section.

30       (9) The definitions in this subsection apply throughout this  
31 section unless the context clearly requires otherwise.

32       (a) "Chief executive" means: The president of a corporation; or  
33 for other entities or organizations other than corporations or if the  
34 corporation does not have a president as one of its officers, the  
35 highest ranking executive manager or administrator in charge of the  
36 management of the company or organization.

37       (b) "Chief financial officer" means: The treasurer of a  
38 corporation; or for entities or organizations other than corporations  
39 or if a corporation does not have a treasurer as one of its officers,

1 the highest senior manager who is responsible for overseeing the  
2 financial activities of the entire company or organization.

3 (c) "Limited liability business entity" means a type of business  
4 entity that generally shields its owners from personal liability for  
5 the debts, obligations, and liabilities of the entity, or a business  
6 entity that is managed or owned in whole or in part by an entity that  
7 generally shields its owners from personal liability for the debts,  
8 obligations, and liabilities of the entity. Limited liability  
9 business entities include corporations, limited liability companies,  
10 limited liability partnerships, trusts, general partnerships and  
11 joint ventures in which one or more of the partners or parties are  
12 also limited liability business entities, and limited partnerships in  
13 which one or more of the general partners are also limited liability  
14 business entities.

15 (d) "Manager" has the same meaning as in RCW 25.15.006.

16 (e) "Member" has the same meaning as in RCW 25.15.006, except  
17 that the term only includes members of member-managed limited  
18 liability companies.

19 (f) "Officer" means any officer or assistant officer of a  
20 corporation, including the president, vice president, secretary, and  
21 treasurer.

22 (g) "Recoverable tax" means:

23 (i) State sales and use taxes imposed under chapters 82.08 and  
24 82.12 RCW, including spirits taxes imposed under RCW 82.08.150,  
25 whether collected by a limited liability business entity or imposed  
26 on a limited liability business entity as a purchaser or consumer;

27 (ii) Local sales and use taxes imposed under the authority of  
28 chapter 82.14 RCW, RCW 81.104.170, or any other provision of law, and  
29 administered by the department, whether collected by a limited  
30 liability business entity or imposed on a limited liability business  
31 entity as a purchaser or consumer;

32 (iii) State business and occupation taxes imposed under chapter  
33 82.04 RCW;

34 (iv) Cigarette taxes imposed under chapter 82.24 RCW; and

35 (v) Tobacco products taxes imposed under chapter 82.26 RCW.

36 (h)(i) "Responsible individual" includes any current or former  
37 officer, manager, member, partner, or trustee of a limited liability  
38 business entity with an unpaid tax warrant issued by the department.

39 (ii) "Responsible individual" also includes any current or former  
40 employee or other individual, but only if the individual had the

1 responsibility or duty to remit payment of the limited liability  
2 business entity's unpaid (~~trust fund~~) recoverable tax liability  
3 reflected in a tax warrant issued by the department.

4 (iii) Whenever any taxpayer has one or more limited liability  
5 business entities as a member, manager, or partner, "responsible  
6 individual" also includes any current and former officers, members,  
7 or managers of the limited liability business entity or entities or  
8 of any other limited liability business entity involved directly in  
9 the management of the taxpayer. For purposes of this subsection (9)  
10 (~~(g)~~) (h)(iii), "taxpayer" means a limited liability business  
11 entity with an unpaid tax warrant issued against it by the  
12 department.

13 (~~(h) "Trust fund taxes" means taxes collected from purchasers~~  
14 ~~and held in trust under RCW 82.08.050, including taxes imposed under~~  
15 ~~RCW 82.08.020 and 82.08.150.~~)

16 (i) "Willfully fails to pay or to cause to be paid" means that  
17 the failure was the result of an intentional, conscious, and  
18 voluntary course of action.

## 19 PART IX

### 20 Economic Nexus for Retailing Business and Occupation Tax

21 **Sec. 901.** RCW 82.04.066 and 2015 3rd sp.s. c 5 s 203 are each  
22 amended to read as follows:

23 "Engaging within this state" and "engaging within the state,"  
24 when used in connection with any apportionable activity as defined in  
25 RCW 82.04.460 or (~~wholesale sales~~) selling activity taxable under  
26 RCW 82.04.250(1), 82.04.257(1), or 82.04.270, means that a person  
27 generates gross income of the business from sources within this  
28 state, such as customers or intangible property located in this  
29 state, regardless of whether the person is physically present in this  
30 state.

31 **Sec. 902.** RCW 82.04.067 and 2016 c 137 s 2 are each amended to  
32 read as follows:

33 (1) A person engaging in business is deemed to have substantial  
34 nexus with this state if, in the current or immediately preceding  
35 calendar year, the person is:

36 (a) An individual and is a resident or domiciliary of this state;

1 (b) A business entity and is organized or commercially domiciled  
2 in this state; or

3 (c) A nonresident individual or a business entity that is  
4 organized or commercially domiciled outside this state, and (~~in the~~  
5 ~~immediately preceding tax year~~) the person had:

6 (i) More than (~~fifty~~) fifty-three thousand dollars of property  
7 in this state;

8 (ii) More than (~~fifty~~) fifty-three thousand dollars of payroll  
9 in this state;

10 (iii) More than two hundred (~~fifty~~) sixty-seven thousand  
11 dollars of receipts from this state; or

12 (iv) At least twenty-five percent of the person's total property,  
13 total payroll, or total receipts in this state.

14 (2)(a) Property counting toward the thresholds in subsection  
15 (1)(c)(i) and (iv) of this section is the average value of the  
16 taxpayer's property, including intangible property, owned or rented  
17 and used in this state during the current or immediately preceding  
18 (~~tax~~) calendar year.

19 (b)(i) Property owned by the taxpayer, other than loans and  
20 credit card receivables owned by the taxpayer, is valued at its  
21 original cost basis. Loans and credit card receivables owned by the  
22 taxpayer are valued at their outstanding principal balance, without  
23 regard to any reserve for bad debts. However, if a loan or credit  
24 card receivable is charged off in whole or in part for federal income  
25 tax purposes, the portion of the loan or credit card receivable  
26 charged off is deducted from the outstanding principal balance.

27 (ii) Property rented by the taxpayer is valued at eight times the  
28 net annual rental rate. For purposes of this subsection, "net annual  
29 rental rate" means the annual rental rate paid by the taxpayer less  
30 any annual rental rate received by the taxpayer from subrentals.

31 (c) The average value of property must be determined by averaging  
32 the values at the beginning and ending of the (~~tax~~) applicable  
33 calendar year; but the department may require the averaging of  
34 monthly values during the (~~tax~~) applicable calendar year if  
35 reasonably required to properly reflect the average value of the  
36 taxpayer's property.

37 (d)(i) For purposes of this subsection (2), loans and credit card  
38 receivables are deemed owned and used in this state as follows:

39 (A) Loans secured by real property, personal property, or both  
40 real and personal property are deemed owned and used in the state if

1 the real property or personal property securing the loan is located  
2 within this state. If the property securing the loan is located both  
3 within this state and one or more other states, the loan is deemed  
4 owned and used in this state if more than fifty percent of the fair  
5 market value of the real or personal property is located within this  
6 state. If more than fifty percent of the fair market value of the  
7 real or personal property is not located within any one state, then  
8 the loan is deemed owned and used in this state if the borrower is  
9 located in this state. The determination of whether the real or  
10 personal property securing a loan is located within this state must  
11 be made, as of the time the original agreement was made, and any and  
12 all subsequent substitutions of collateral must be disregarded.

13 (B) Loans not secured by real or personal property are deemed  
14 owned and used in this state if the borrower is located in this  
15 state.

16 (C) Credit card receivables are deemed owned and used in this  
17 state if the billing address of the cardholder is in this state.

18 (ii)(A) Except as otherwise provided in (d)(ii)(B) of this  
19 subsection (2), the definitions in the multistate tax commission's  
20 recommended formula for the apportionment and allocation of net  
21 income of financial institutions as existing on June 1, 2010, or such  
22 subsequent date as may be provided by the department by rule,  
23 consistent with the purposes of this section, apply to this section.

24 (B) "Credit card" means a card or device existing for the purpose  
25 of obtaining money, property, labor, or services on credit.

26 (e) Notwithstanding anything else to the contrary in this  
27 subsection, property counting toward the thresholds in subsection  
28 (1)(c)(i) and (iv) of this section does not include a person's  
29 ownership of, or rights in, computer software as defined in RCW  
30 82.04.215, including computer software used in providing a digital  
31 automated service; master copies of software; and digital goods and  
32 digital codes residing on servers located in this state.

33 (3)(a) Payroll counting toward the thresholds in subsection  
34 (1)(c)(ii) and (iv) of this section is the total amount paid by the  
35 taxpayer for compensation in this state during the current or  
36 immediately preceding ~~((tax))~~ calendar year plus nonemployee  
37 compensation paid to representative third parties in this state.  
38 Nonemployee compensation paid to representative third parties  
39 includes the gross amount paid to nonemployees who represent the



1 taxpayer in interactions with the taxpayer's clients and includes  
2 sales commissions.

3 (b) Employee compensation is paid in this state if the  
4 compensation is properly reportable to this state for unemployment  
5 compensation tax purposes, regardless of whether the compensation was  
6 actually reported to this state.

7 (c) Nonemployee compensation is paid in this state if the service  
8 performed by the representative third party occurs entirely or  
9 primarily within this state.

10 (d) For purposes of this subsection, "compensation" means wages,  
11 salaries, commissions, and any other form of remuneration paid to  
12 employees or nonemployees and defined as gross income under 26 U.S.C.  
13 Sec. 61 of the federal internal revenue code of 1986, as existing on  
14 June 1, 2010.

15 (4) Receipts counting toward the thresholds in subsection  
16 (1)(c)(iii) and (iv) of this section are:

17 (a) Those amounts included in the numerator of the receipts  
18 factor under RCW 82.04.462;

19 (b) For financial institutions, those amounts included in the  
20 numerator of the receipts factor under the rule adopted by the  
21 department as authorized in RCW 82.04.460(2); and

22 (c) For persons taxable under RCW 82.04.250(1), 82.04.257(1), or  
23 82.04.270 (~~((with respect to wholesale sales))~~), the gross proceeds of  
24 sales taxable under those statutory provisions and sourced to this  
25 state in accordance with RCW 82.32.730.

26 (5)(a) Each December, the department must review the cumulative  
27 percentage change in the consumer price index. The department must  
28 adjust the thresholds in subsection (1)(c)(i) through (iii) of this  
29 section if the consumer price index has changed by five percent or  
30 more since the later of June 1, 2010, or the date that the thresholds  
31 were last adjusted under this subsection. For purposes of determining  
32 the cumulative percentage change in the consumer price index, the  
33 department must compare the consumer price index available as of  
34 December 1st of the current year with the consumer price index as of  
35 the later of June 1, 2010, or the date that the thresholds were last  
36 adjusted under this subsection. The thresholds must be adjusted to  
37 reflect that cumulative percentage change in the consumer price  
38 index. The adjusted thresholds must be rounded to the nearest one  
39 thousand dollars. Any adjustment will apply to tax periods that begin  
40 after the adjustment is made.

1 (b) As used in this subsection, "consumer price index" means the  
2 consumer price index for all urban consumers (CPI-U) available from  
3 the bureau of labor statistics of the United States department of  
4 labor.

5 (6)(a)(i) Except as provided in (a)(iii) of this subsection (6),  
6 subsections (1) through (5) of this section only apply with respect  
7 to the taxes on persons engaged in apportionable activities as  
8 defined in RCW 82.04.460 or making wholesale sales taxable under RCW  
9 82.04.257(1) or 82.04.270.

10 (ii) Subject to the limitation in RCW 82.32.531, for purposes of  
11 the taxes imposed under this chapter on ((any)) the business of  
12 making sales at retail or any other activity not included in the  
13 definition of apportionable activities in RCW 82.04.460, other than  
14 the business of making wholesale sales taxed under RCW 82.04.257(1)  
15 or 82.04.270, ((except as provided in RCW 82.32.531,)) a person is  
16 deemed to have a substantial nexus with this state if the person has  
17 a physical presence in this state during the ((tax)) current or  
18 immediately preceding calendar year, which need only be demonstrably  
19 more than a slightest presence.

20 (iii) For purposes of the taxes imposed under this chapter on the  
21 business of making sales at retail taxable under RCW 82.04.250(1) or  
22 82.04.257(1), a person is also deemed to have a substantial nexus  
23 with this state if the person's receipts from this state, pursuant to  
24 subsection (4)(c) of this section, meet either criterion in  
25 subsection (1)(c)(iii) or (iv) of this section, as adjusted under  
26 subsection (5) of this section.

27 (b) For purposes of this subsection, a person is physically  
28 present in this state if the person has property or employees in this  
29 state.

30 (c)(i) A person is also physically present in this state for the  
31 purposes of this subsection if the person, either directly or through  
32 an agent or other representative, engages in activities in this state  
33 that are significantly associated with the person's ability to  
34 establish or maintain a market for its products in this state.

35 (ii) A remote seller as defined in RCW 82.08.052 is presumed to  
36 be engaged in activities in this state that are significantly  
37 associated with the remote seller's ability to establish or maintain  
38 a market for its products in this state if the remote seller is  
39 presumed to have a substantial nexus with this state under RCW  
40 82.08.052. The presumption in this subsection (6)(c)(ii) may be

1 rebutted as provided in RCW 82.08.052. To the extent that the  
2 presumption in RCW 82.08.052 is no longer operative pursuant to RCW  
3 82.32.762, the presumption in this subsection (6)(c)(ii) is no longer  
4 operative. Nothing in this section may be construed to affect in any  
5 way RCW (~~82.04.424~~) 82.08.050(11)(~~7~~) or 82.12.040(5) or to  
6 narrow the scope of the terms "agent" or "other representative" in  
7 this subsection (6)(c).

8 **Sec. 903.** RCW 82.04.220 and 2011 1st sp.s. c 20 s 101 are each  
9 amended to read as follows:

10 (1) There is levied and collected from every person that has a  
11 substantial nexus with this state, as provided in RCW 82.04.067, a  
12 tax for the act or privilege of engaging in business activities. The  
13 tax is measured by the application of rates against value of  
14 products, gross proceeds of sales, or gross income of the business,  
15 as the case may be.

16 (2)(a) A person who has a substantial nexus with this state in  
17 (~~any tax~~) the current calendar year under the provisions of RCW  
18 82.04.067 (~~will be deemed to have a substantial nexus with this~~  
19 state for the following tax year), based solely on the person's  
20 property, payroll, or receipts in this state during the current  
21 calendar year, is subject to the tax imposed under this chapter  
22 beginning with business activity occurring on and after the date that  
23 the person established a substantial nexus with this state in the  
24 current calendar year.

25 (b) This subsection (2) does not apply to any person who also had  
26 a substantial nexus with this state (i) during the immediately  
27 preceding calendar year under RCW 82.04.067, or (ii) during the  
28 current calendar year under RCW 82.04.067 (1)(a) or (b) or (6)(a)(ii)  
29 or (c).

30 NEW SECTION. **Sec. 904.** RCW 82.04.424 (Exemptions—Certain in-  
31 state activities) and 2015 3rd sp.s. c 5 s 206 & 2003 c 76 s 2 are  
32 each repealed.

33 **PART X**  
34 **Public Works Assistance Account**

35 **Sec. 1001.** RCW 82.45.060 and 2013 2nd sp.s. c 9 s 6 are each  
36 amended to read as follows:

1           There is imposed an excise tax upon each sale of real property at  
2 the rate of one and twenty-eight one-hundredths percent of the  
3 selling price. Beginning July 1, 2013, and ending June 30, 2019, an  
4 amount equal to two percent of the proceeds of this tax must be  
5 deposited in the public works assistance account created in RCW  
6 43.155.050, and an amount equal to four and one-tenth percent must be  
7 deposited in the education legacy trust account created in RCW  
8 83.100.230. ~~((Thereafter, an amount equal to six and one-tenth  
9 percent of the proceeds of this tax to the state treasurer must be  
10 deposited in the public works assistance account created in RCW  
11 43.155.050.))~~ Beginning July 1, 2019, an amount equal to one percent  
12 of the proceeds of this tax must be deposited in the public works  
13 assistance account created in RCW 43.155.050, and an amount equal to  
14 five and one-tenth percent must be deposited in the education legacy  
15 trust account created in RCW 83.100.230. Except as otherwise provided  
16 in this section, an amount equal to one and six-tenths percent of the  
17 proceeds of this tax to the state treasurer must be deposited in the  
18 city-county assistance account created in RCW 43.08.290.

19           **Sec. 1002.** RCW 82.16.020 and 2015 3rd sp.s. c 6 s 703 are each  
20 amended to read as follows:

21           (1) There is levied and collected from every person a tax for the  
22 act or privilege of engaging within this state in any one or more of  
23 the businesses herein mentioned. The tax is equal to the gross income  
24 of the business, multiplied by the rate set out after the business,  
25 as follows:

26           (a) Express, sewerage collection, and telegraph businesses: Three  
27 and six-tenths percent;

28           (b) Light and power business: Three and sixty-two one-hundredths  
29 percent;

30           (c) Gas distribution business: Three and six-tenths percent;

31           (d) Urban transportation business: Six-tenths of one percent;

32           (e) Vessels under sixty-five feet in length, except tugboats,  
33 operating upon the waters within the state: Six-tenths of one  
34 percent;

35           (f) Motor transportation, railroad, railroad car, and tugboat  
36 businesses, and all public service businesses other than ones  
37 mentioned above: One and eight-tenths of one percent;

38           (g) Water distribution business: Four and seven-tenths percent;

1 (h) Log transportation business: One and twenty-eight one-  
2 hundredths percent. The reduced rate established in this subsection  
3 (1)(h) is not subject to the ten-year expiration provision in RCW  
4 82.32.805(1)(a).

5 (2) An additional tax is imposed equal to the rate specified in  
6 RCW 82.02.030 multiplied by the tax payable under subsection (1) of  
7 this section.

8 (3) Twenty percent of the moneys collected under subsection (1)  
9 of this section on water distribution businesses and sixty percent of  
10 the moneys collected under subsection (1) of this section on sewerage  
11 collection businesses must be deposited in the education legacy trust  
12 account created in RCW 83.100.230 from July 1, 2013, through June 30,  
13 2019, and thereafter in the (~~public works assistance account created~~  
14 ~~in RCW 43.155.050~~) education legacy trust account created in RCW  
15 83.100.230.

16 **Sec. 1003.** RCW 82.18.040 and 2013 2nd sp.s. c 9 s 8 are each  
17 amended to read as follows:

18 (1) Taxes collected under this chapter must be held in trust  
19 until paid to the state. Except as otherwise provided in this  
20 subsection (1), taxes received by the state must be deposited in the  
21 public works assistance account created in RCW 43.155.050. For the  
22 period beginning July 1, 2011, and ending June 30, 2015, taxes  
23 received by the state under this chapter must be deposited in the  
24 general fund for general purpose expenditures. For fiscal years 2016,  
25 2017, and 2018, one-half of the taxes received by the state under  
26 this chapter must be deposited in the general fund for general  
27 purpose expenditures and the remainder deposited in the education  
28 legacy trust account created in RCW 83.100.230. (~~For fiscal year~~  
29 ~~2019~~) Beginning in fiscal year 2019 and each fiscal year thereafter,  
30 taxes received by the state under this chapter must be deposited in  
31 the education legacy trust account created in RCW 83.100.230. Any  
32 person collecting the tax who appropriates or converts the tax  
33 collected is guilty of a gross misdemeanor if the money required to  
34 be collected is not available for payment on the date payment is due.  
35 If a taxpayer fails to pay the tax imposed by this chapter to the  
36 person charged with collection of the tax and the person charged with  
37 collection fails to pay the tax to the department, the department  
38 may, in its discretion, proceed directly against the taxpayer for  
39 collection of the tax.

1 (2) The tax is due from the taxpayer within twenty-five days from  
2 the date the taxpayer is billed by the person collecting the tax.

3 (3) The tax is due from the person collecting the tax at the end  
4 of the tax period in which the tax is received from the taxpayer. If  
5 the taxpayer remits only a portion of the total amount billed for  
6 taxes, consideration, and related charges, the amount remitted must  
7 be applied first to payment of the solid waste collection tax and  
8 this tax has priority over all other claims to the amount remitted.

9 **Sec. 1004.** RCW 43.155.060 and 1988 c 93 s 2 are each amended to  
10 read as follows:

11 (1) In order to aid the financing of public works projects, the  
12 board may:

13 ((+1)) (a) Make low-interest or interest-free loans to local  
14 governments from the public works assistance account or other funds  
15 and accounts for the purpose of assisting local governments in  
16 financing public works projects. The board may require such terms and  
17 conditions and may charge such rates of interest on its loans as it  
18 deems necessary or convenient to carry out the purposes of this  
19 chapter. Money received from local governments in repayment of loans  
20 made under this section ((shall)) must be paid into the public works  
21 assistance account for uses consistent with this chapter until June  
22 30, 2019. Beginning July 1, 2019, all moneys received from local  
23 governments in repayment of loans made under this chapter must be  
24 deposited into the education legacy trust account created in RCW  
25 83.100.230.

26 ((+2)) (b) Pledge money in the public works assistance account,  
27 or money to be received by the public works assistance account, to  
28 the repayment of all or a portion of the principal of or interest on  
29 obligations issued by local governments to finance public works  
30 projects. The board ((shall)) may not pledge any amount greater than  
31 the sum of money in the public works assistance account plus money to  
32 be received from the payment of the debt service on loans made from  
33 that account, nor ((shall)) may the board pledge the faith and credit  
34 or the taxing power of the state or any agency or subdivision thereof  
35 to the repayment of obligations issued by any local government.

36 ((+3)) (c) Create such subaccounts in the public works  
37 assistance account as the board deems necessary to carry out the  
38 purposes of this chapter.

1 ((4)) (d) Provide a method for the allocation of loans and  
2 financing guarantees and the provision of technical assistance under  
3 this chapter.

4 (2) All local public works projects aided in whole or in part  
5 under the provisions of this chapter (~~shall~~) must be put out for  
6 competitive bids, except for emergency public works under RCW  
7 43.155.065 for which the recipient jurisdiction (~~shall~~) must comply  
8 with this requirement to the extent feasible and practicable. The  
9 competitive bids called for (~~shall~~) must be administered in the  
10 same manner as all other public works projects put out for  
11 competitive bidding by the local governmental entity aided under this  
12 chapter.

## 13 PART XI

### 14 Miscellaneous Provisions

15 NEW SECTION. **Sec. 1101.** Sections 701 and 702 of this act take  
16 effect January 1, 2018.

17 NEW SECTION. **Sec. 1102.** Section 801 of this act applies  
18 beginning with assessments issued by the department of revenue under  
19 RCW 82.32.145 on or after the effective date of this section,  
20 regardless of when the underlying recoverable tax liability of the  
21 limited liability business entity was incurred.

22 NEW SECTION. **Sec. 1103.** Section 1003 of this act takes effect  
23 July 1, 2018.

24 NEW SECTION. **Sec. 1104.** Sections 1001, 1002, and 1004 of this  
25 act take effect June 30, 2019.

26 NEW SECTION. **Sec. 1105.** Except for sections 701, 702, and 1001  
27 through 1004 of this act, this act is necessary for the immediate  
28 preservation of the public peace, health, or safety, or support of  
29 the state government and its existing public institutions, and takes  
30 effect July 1, 2017.

--- END ---