
SENATE BILL 6609

State of Washington

65th Legislature

2018 Regular Session

By Senator Ranker

1 AN ACT Relating to revenue; amending RCW 82.08.0293, 82.12.0293,
2 82.08.010, 82.08.0273, 82.04.050, 82.45.060, 82.08.020, 82.12.020,
3 and 84.52.065; reenacting and amending RCW 83.100.020; adding new
4 sections to chapter 82.32 RCW; adding a new section to chapter 82.04
5 RCW; adding a new section to chapter 43.135 RCW; adding a new section
6 to chapter 39.42 RCW; adding a new chapter to Title 82 RCW; creating
7 new sections; providing an effective date; and declaring an
8 emergency.

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

10 **Part I**

11 **Repealing the Sales and Use Tax Exemption for Candy**

12 **Sec. 101.** RCW 82.08.0293 and 2017 3rd sp.s. c 28 s 101 are each
13 amended to read as follows:

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

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

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

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

7 (2) The exemption of "food and food ingredients" provided for in
8 subsection (1) of this section does not apply to prepared food, soft
9 drinks, bottled water, candy, or dietary supplements. The definitions
10 in this subsection apply throughout this section unless the context
11 clearly requires otherwise.

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

21 (b) "Candy" means a preparation of sugar, honey, or other natural
22 or artificial sweeteners in combination with chocolate, fruits, nuts,
23 or other ingredients or flavorings in the form of bars, drops, or
24 pieces. "Candy" does not include any preparation containing flour and
25 does not require refrigeration.

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

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

29 (A) A vitamin;

30 (B) A mineral;

31 (C) An herb or other botanical;

32 (D) An amino acid;

33 (E) A dietary substance for use by humans to supplement the diet
34 by increasing the total dietary intake; or

35 (F) A concentrate, metabolite, constituent, extract, or
36 combination of any ingredient described in this subsection;

37 (ii) Is intended for ingestion in tablet, capsule, powder,
38 softgel, gelcap, or liquid form, or if not intended for ingestion in
39 such form, is not represented as conventional food and is not
40 represented for use as a sole item of a meal or of the diet; and

1 (iii) Is required to be labeled as a dietary supplement,
2 identifiable by the "supplement facts" box found on the label as
3 required pursuant to 21 C.F.R. Sec. 101.36, as amended or renumbered
4 as of January 1, 2003.

5 ~~((e))~~ (d)(i) "Prepared food" means:

6 (A) Food sold in a heated state or heated by the seller;

7 (B) Food sold with eating utensils provided by the seller,
8 including plates, knives, forks, spoons, glasses, cups, napkins, or
9 straws. A plate does not include a container or packaging used to
10 transport the food; or

11 (C) Two or more food ingredients mixed or combined by the seller
12 for sale as a single item, except:

13 (I) Food that is only cut, repackaged, or pasteurized by the
14 seller; or

15 (II) Raw eggs, fish, meat, poultry, and foods containing these
16 raw animal foods requiring cooking by the consumer as recommended by
17 the federal food and drug administration in chapter 3, part 401.11 of
18 The Food Code, published by the food and drug administration, as
19 amended or renumbered as of January 1, 2003, so as to prevent
20 foodborne illness.

21 (ii) "Prepared food" does not include the following food or food
22 ingredients, if the food or food ingredients are sold without eating
23 utensils provided by the seller:

24 (A) Food sold by a seller whose proper primary North American
25 industry classification system (NAICS) classification is
26 manufacturing in sector 311, except subsector 3118 (bakeries), as
27 provided in the "North American industry classification system—United
28 States, 2002";

29 (B) Food sold in an unheated state by weight or volume as a
30 single item; or

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

34 ~~((d))~~ (e) "Soft drinks" means nonalcoholic beverages that
35 contain natural or artificial sweeteners. Soft drinks do not include
36 beverages that contain: Milk or milk products; soy, rice, or similar
37 milk substitutes; or greater than fifty percent of vegetable or fruit
38 juice by volume.

39 (3) Notwithstanding anything in this section to the contrary, the
40 exemption of "food and food ingredients" provided in this section

1 applies to food and food ingredients that are furnished, prepared, or
2 served as meals:

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

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

9 (c) That are provided to residents, sixty-two years of age or
10 older, of a qualified low-income senior housing facility by the
11 lessor or operator of the facility. The sale of a meal that is billed
12 to both spouses of a marital community or both domestic partners of a
13 domestic partnership meets the age requirement in this subsection
14 (3)(c) if at least one of the spouses or domestic partners is at
15 least sixty-two years of age. For purposes of this subsection,
16 "qualified low-income senior housing facility" means a facility:

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

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

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

25 (4)(a) Subsection (1) of this section notwithstanding, the retail
26 sale of food and food ingredients is subject to sales tax under RCW
27 82.08.020 if the food and food ingredients are sold through a vending
28 machine. Except as provided in (b) of this subsection, the selling
29 price of food and food ingredients sold through a vending machine for
30 purposes of RCW 82.08.020 is fifty-seven percent of the gross
31 receipts.

32 (b) For soft drinks, bottled water, and hot prepared food and
33 food ingredients, other than food and food ingredients which are
34 heated after they have been dispensed from the vending machine, the
35 selling price is the total gross receipts of such sales divided by
36 the sum of one plus the sales tax rate expressed as a decimal.

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

1 **Sec. 102.** RCW 82.12.0293 and 2017 3rd sp.s. c 28 s 102 are each
2 amended to read as follows:

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

6 (2) The exemption of "food and food ingredients" provided for in
7 subsection (1) of this section does not apply to prepared food, soft
8 drinks, bottled water, candy, or dietary supplements. "Prepared
9 food," "soft drinks," "bottled water," "candy," and "dietary
10 supplements" have the same meanings as in RCW 82.08.0293.

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

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

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

21 (c) That are provided to residents, sixty-two years of age or
22 older, of a qualified low-income senior housing facility by the
23 lessor or operator of the facility. The sale of a meal that is billed
24 to both spouses of a marital community or both domestic partners of a
25 domestic partnership meets the age requirement in this subsection
26 (3)(c) if at least one of the spouses or domestic partners is at
27 least sixty-two years of age. For purposes of this subsection,
28 "qualified low-income senior housing facility" has the same meaning
29 as in RCW 82.08.0293.

30 NEW SECTION. **Sec. 103.** A new section is added to chapter 82.32
31 RCW to read as follows:

32 (1) The department must compile a list of products meeting the
33 definition of candy in RCW 82.08.0293 and products that are similar
34 to candy but do not meet that definition. The list must identify each
35 item as either subject to sales or use tax or not subject to sales or
36 use tax. The list will be made in a form and manner prescribed by the
37 department and must be made available on the department's internet
38 web site. The list must also provide information about how to request

1 a binding ruling from the department on the taxability of products
2 not on the list.

3 (2) In compiling the list described in subsection (1) of this
4 section, the department may:

5 (a) Evaluate the experiences of other member states of the
6 streamlined sales and use tax agreement that impose retail sales tax
7 on candy;

8 (b) Accept technical assistance from persons that sell, market,
9 or distribute candy; and

10 (c) Consider any other resource the department finds useful in
11 compiling the list.

12 (3) The creation of a list under subsection (1) of this section
13 and any modifications to the list are not subject to the rule-making
14 provisions of chapter 34.05 RCW.

15 (4) For products that are not identified on the list created by
16 the department under subsection (1) of this section, taxpayers may
17 request a binding written ruling from the department on the
18 taxability of the product.

19 Part II

20 Limiting the Limit Trade-In Exclusion

21 **Sec. 201.** RCW 82.08.010 and 2014 c 140 s 11 are each amended to
22 read as follows:

23 For the purposes of this chapter:

24 (1)(a)(i) "Selling price" includes "sales price." "Sales price"
25 means the total amount of consideration, (~~except separately stated~~
26 ~~trade-in property of like kind,~~) including cash, credit, property,
27 and services, for which 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" under
30 RCW 82.04.050 are sold, leased, or rented, valued in money, whether
31 received in money or otherwise. No deduction from the total amount of
32 consideration is allowed for the following: (A) The seller's cost of
33 the property sold; (B) the cost of materials used, labor or service
34 cost, interest, losses, all costs of transportation to the seller,
35 all taxes imposed on the seller, and any other expense of the seller;
36 (C) charges by the seller for any services necessary to complete the
37 sale, other than delivery and installation charges; (D) delivery
38 charges; and (E) installation charges.

1 (ii) When tangible personal property is rented or leased under
2 circumstances that the consideration paid does not represent a
3 reasonable rental for the use of the articles so rented or leased,
4 the "selling price" must be determined as nearly as possible
5 according to the value of such use at the places of use of similar
6 products of like quality and character under such rules as the
7 department may prescribe;

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

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

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

14 (iii) Interest, financing, and carrying charges from credit
15 extended on the sale of tangible personal property, extended
16 warranties, digital goods, digital codes, digital automated services,
17 or other services or anything else defined as a retail sale in RCW
18 82.04.050, if the amount is separately stated on the invoice, bill of
19 sale, or similar document given to the purchaser; and

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

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

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

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

30 (iii) The amount of the consideration attributable to the sale is
31 fixed and determinable by the seller at the time of the sale of the
32 item to the purchaser; and

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

34 (A) The purchaser presents a coupon, certificate, or other
35 documentation to the seller to claim a price reduction or discount
36 where the coupon, certificate, or documentation is authorized,
37 distributed, or granted by a third party with the understanding that
38 the third party will reimburse any seller to whom the coupon,
39 certificate, or documentation is presented;

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

5 (C) The price reduction or discount is identified as a third
6 party price reduction or discount on the invoice received by the
7 purchaser or on a coupon, certificate, or other documentation
8 presented by the purchaser;

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

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

15 (ii) A professional employer organization when a covered employee
16 coemployed with the client under the terms of a professional employer
17 agreement engages in activities that constitute a sale at retail that
18 is subject to the tax imposed by this chapter. In such cases, the
19 client, and not the professional employer organization, is deemed to
20 be the seller and is responsible for collecting and remitting the tax
21 imposed by this chapter.

22 (b) For the purposes of (a) of this subsection, the terms
23 "client," "covered employee," "professional employer agreement," and
24 "professional employer organization" have the same meanings as in RCW
25 82.04.540;

26 (3) "Buyer," "purchaser," and "consumer" include, without
27 limiting the scope hereof, every individual, receiver, assignee,
28 trustee in bankruptcy, trust, estate, firm, copartnership, joint
29 venture, club, company, joint stock company, business trust,
30 corporation, association, society, or any group of individuals acting
31 as a unit, whether mutual, cooperative, fraternal, nonprofit, or
32 otherwise, municipal corporation, quasi municipal corporation, and
33 also the state, its departments and institutions and all political
34 subdivisions thereof, irrespective of the nature of the activities
35 engaged in or functions performed, and also the United States or any
36 instrumentality thereof;

37 (4) "Delivery charges" means charges by the seller of personal
38 property or services for preparation and delivery to a location
39 designated by the purchaser of personal property or services

1 including, but not limited to, transportation, shipping, postage,
2 handling, crating, and packing;

3 (5) "Direct mail" means printed material delivered or distributed
4 by United States mail or other delivery service to a mass audience or
5 to addressees on a mailing list provided by the purchaser or at the
6 direction of the purchaser when the cost of the items are not billed
7 directly to the recipients. "Direct mail" includes tangible personal
8 property supplied directly or indirectly by the purchaser to the
9 direct mail seller for inclusion in the package containing the
10 printed material. "Direct mail" does not include multiple items of
11 printed material delivered to a single address;

12 (6) The meaning attributed in chapter 82.04 RCW to the terms "tax
13 year," "taxable year," "person," "company," "sale," "sale at
14 wholesale," "wholesale," "business," "engaging in business," "cash
15 discount," "successor," "consumer," "in this state," "within this
16 state," "marijuana," "useable marijuana," and "marijuana-infused
17 products" applies equally to the provisions of this chapter;

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

24 (8) "Extended warranty" has the same meaning as in RCW
25 82.04.050(7);

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

27 (10) For the purposes of the taxes imposed under this chapter and
28 chapter 82.12 RCW, whenever the terms "property" or "personal
29 property" are used, those terms must be construed to include digital
30 goods and digital codes unless:

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

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

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

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

1 (12) The terms "agriculture," "farming," "horticulture,"
2 "horticultural," and "horticultural product" may not be construed to
3 include or relate to marijuana, useable marijuana, or marijuana-
4 infused products unless the applicable term is explicitly defined to
5 include marijuana, useable marijuana, or marijuana-infused products.

6 **Part III**

7 **Narrowing the Nonresident Sales and Use Tax Exemption**

8 **Sec. 301.** RCW 82.08.0273 and 2014 c 140 s 17 are each amended to
9 read as follows:

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

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

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

20 (i) Such state, possession, territory, or province does not
21 impose, or have imposed on its behalf, a generally applicable retail
22 sales tax, use tax, value added tax, gross receipts tax on retailing
23 activities, or similar generally applicable tax, of three percent or
24 more; or

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

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

33 (2) Notwithstanding anything to the contrary in this chapter, if
34 parts or other tangible personal property are installed by the seller
35 during the course of repairing, cleaning, altering, or improving
36 motor vehicles, trailers, or campers and the seller makes a separate
37 charge for the tangible personal property, the tax levied by RCW
38 82.08.020 does not apply to the separately stated charge to a

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

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

29 (b) Acceptable proof of a nonresident person's status includes
30 one piece of identification such as a valid driver's license from the
31 jurisdiction in which the out-of-state residency is claimed or a
32 valid identification card which has a photograph of the holder and is
33 issued by the out-of-state jurisdiction. Identification under this
34 subsection (3)(b) must show the holder's residential address and have
35 as one of its legal purposes the establishment of residency in that
36 out-of-state jurisdiction.

37 ~~((c) In lieu of furnishing proof of a person's nonresident
38 status under (b) of this subsection (3), a person claiming exemption
39 from retail sales tax under the provisions of this section may~~

1 provide the seller with an exemption certificate in compliance with
2 subsection (4)(b) of this section.

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

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

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

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

32 (b) Any person making tax exempt purchases under this section by
33 displaying proof of identification not his or her own, or counterfeit
34 identification, with intent to violate the provisions of this
35 section, is guilty of a misdemeanor and, in addition, is liable for
36 the tax and subject to a penalty equal to the greater of one hundred
37 dollars or the tax due on such purchases.

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

1 ~~(b) Any vendor who makes sales without collecting the retail~~
2 ~~sales tax under this section and who has actual knowledge that the~~
3 ~~purchaser's proof of identification establishing out-of-state~~
4 ~~residency is fraudulent is guilty of a misdemeanor and, in addition,~~
5 ~~is liable for the tax and subject to a penalty equal to the greater~~
6 ~~of one thousand dollars or the tax due on such sales. In addition,~~
7 ~~both the purchaser and the vendor are liable for any penalties and~~
8 ~~interest assessable under chapter 82.32 RCW))~~ (4)(a)(i) Beginning
9 January 1, 2019, through December 31, 2019, a person may request a
10 remittance from the department for state sales taxes paid by the
11 person on qualified retail purchases made in Washington between April
12 1, 2018, and December 31, 2018.

13 (ii) Beginning January 1, 2020, a person may request a remittance
14 from the department during any calendar year for state sales taxes
15 paid by the person on qualified retail purchases made in Washington
16 during the immediately preceding calendar year only. No application
17 may be made with respect to purchases made before the immediately
18 preceding calendar year.

19 (b) The remittance request, including proof of nonresident status
20 and any other documentation and information required by the
21 department, must be provided in a form and manner as prescribed by
22 the department. Only one remittance request may be made by a person
23 per calendar year.

24 (c) The total amount of a remittance request must be at least
25 twenty-five dollars. The department must deny any request for a
26 remittance that is less than twenty-five dollars.

27 (d) The department will examine the applicant's proof of
28 nonresident status and any other documentation and information as
29 required in the application to determine whether the applicant is
30 entitled to a remittance under this section.

31 (5)(a) Any person making fraudulent statements to the department,
32 which includes the offer of fraudulent or fraudulently procured
33 identification or fraudulent sales receipts, in order to receive a
34 remittance of retail sales tax is guilty of perjury under chapter
35 9A.72 RCW and is ineligible to receive any further remittances from
36 the department under this section.

37 (b) Any person obtaining a remittance of retail sales tax from
38 the department by providing proof of identification or sales receipts
39 not the person's own, or counterfeit identification or sales receipts
40 is (i) liable for repayment of the remittance, including interest as

1 provided in chapter 82.32 RCW from the date the remittance was
2 transmitted to the person until repaid in full, (ii) liable for a
3 civil penalty equal to the greater of one hundred dollars or the
4 amount of the remittance obtained in violation of this subsection
5 (5)(b), and (iii) ineligible to receive any further remittances from
6 the department under this section.

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

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

28 (7) The exemption provided by this section is only for the state
29 portion of the sales tax. For purposes of this section, the state
30 portion of the sales tax is not reduced by any local sales tax that
31 is deducted or credited against the state sales tax as provided by
32 law.

33 ((+7)) (8) The exemption in this section does not apply to sales
34 of marijuana, useable marijuana, or marijuana-infused products.

Part IV

Narrowing the Sales Tax Exemption for Certain Fertilizers, Sprays, and Washes

1 **Sec. 401.** RCW 82.04.050 and 2017 3rd sp.s. c 37 s 1201 are each
2 amended to read as follows:

3 (1)(a) "Sale at retail" or "retail sale" means every sale of
4 tangible personal property (including articles produced, fabricated,
5 or imprinted) to all persons irrespective of the nature of their
6 business and including, among others, without limiting the scope
7 hereof, persons who install, repair, clean, alter, improve,
8 construct, or decorate real or personal property of or for consumers
9 other than a sale to a person who:

10 (i) Purchases for the purpose of resale as tangible personal
11 property in the regular course of business without intervening use by
12 such person, but a purchase for the purpose of resale by a regional
13 transit authority under RCW 81.112.300 is not a sale for resale; or

14 (ii) Installs, repairs, cleans, alters, imprints, improves,
15 constructs, or decorates real or personal property of or for
16 consumers, if such tangible personal property becomes an ingredient
17 or component of such real or personal property without intervening
18 use by such person; or

19 (iii) Purchases for the purpose of consuming the property
20 purchased in producing for sale as a new article of tangible personal
21 property or substance, of which such property becomes an ingredient
22 or component or is a chemical used in processing, when the primary
23 purpose of such chemical is to create a chemical reaction directly
24 through contact with an ingredient of a new article being produced
25 for sale; or

26 (iv) Purchases for the purpose of consuming the property
27 purchased in producing ferrosilicon which is subsequently used in
28 producing magnesium for sale, if the primary purpose of such property
29 is to create a chemical reaction directly through contact with an
30 ingredient of ferrosilicon; or

31 (v) Purchases for the purpose of providing the property to
32 consumers as part of competitive telephone service, as defined in RCW
33 82.04.065; or

34 (vi) Purchases for the purpose of satisfying the person's
35 obligations under an extended warranty as defined in subsection (7)
36 of this section, if such tangible personal property replaces or
37 becomes an ingredient or component of property covered by the
38 extended warranty without intervening use by such person.

39 (b) The term includes every sale of tangible personal property
40 that is used or consumed or to be used or consumed in the performance

1 of any activity defined as a "sale at retail" or "retail sale" even
2 though such property is resold or used as provided in (a)(i) through
3 (vi) of this subsection following such use.

4 (c) The term also means every sale of tangible personal property
5 to persons engaged in any business that is taxable under RCW
6 82.04.280(1) (a), (b), and (g), 82.04.290, and 82.04.2908.

7 (2) The term "sale at retail" or "retail sale" includes the sale
8 of or charge made for tangible personal property consumed and/or for
9 labor and services rendered in respect to the following:

10 (a) The installing, repairing, cleaning, altering, imprinting, or
11 improving of tangible personal property of or for consumers,
12 including charges made for the mere use of facilities in respect
13 thereto, but excluding charges made for the use of self-service
14 laundry facilities, and also excluding sales of laundry service to
15 nonprofit health care facilities, and excluding services rendered in
16 respect to live animals, birds and insects;

17 (b) The constructing, repairing, decorating, or improving of new
18 or existing buildings or other structures under, upon, or above real
19 property of or for consumers, including the installing or attaching
20 of any article of tangible personal property therein or thereto,
21 whether or not such personal property becomes a part of the realty by
22 virtue of installation, and also includes the sale of services or
23 charges made for the clearing of land and the moving of earth
24 excepting the mere leveling of land used in commercial farming or
25 agriculture;

26 (c) The constructing, repairing, or improving of any structure
27 upon, above, or under any real property owned by an owner who conveys
28 the property by title, possession, or any other means to the person
29 performing such construction, repair, or improvement for the purpose
30 of performing such construction, repair, or improvement and the
31 property is then reconveyed by title, possession, or any other means
32 to the original owner;

33 (d) The cleaning, fumigating, razing, or moving of existing
34 buildings or structures, but does not include the charge made for
35 janitorial services; and for purposes of this section the term
36 "janitorial services" means those cleaning and caretaking services
37 ordinarily performed by commercial janitor service businesses
38 including, but not limited to, wall and window washing, floor
39 cleaning and waxing, and the cleaning in place of rugs, drapes and
40 upholstery. The term "janitorial services" does not include painting,

1 papering, repairing, furnace or septic tank cleaning, snow removal or
2 sandblasting;

3 (e) Automobile towing and similar automotive transportation
4 services, but not in respect to those required to report and pay
5 taxes under chapter 82.16 RCW;

6 (f) The furnishing of lodging and all other services by a hotel,
7 rooming house, tourist court, motel, trailer camp, and the granting
8 of any similar license to use real property, as distinguished from
9 the renting or leasing of real property, and it is presumed that the
10 occupancy of real property for a continuous period of one month or
11 more constitutes a rental or lease of real property and not a mere
12 license to use or enjoy the same. For the purposes of this
13 subsection, it is presumed that the sale of and charge made for the
14 furnishing of lodging for a continuous period of one month or more to
15 a person is a rental or lease of real property and not a mere license
16 to enjoy the same;

17 (g) The installing, repairing, altering, or improving of digital
18 goods for consumers;

19 (h) Persons taxable under (a), (b), (c), (d), (e), (f), and (g)
20 of this subsection when such sales or charges are for property, labor
21 and services which are used or consumed in whole or in part by such
22 persons in the performance of any activity defined as a "sale at
23 retail" or "retail sale" even though such property, labor and
24 services may be resold after such use or consumption. Nothing
25 contained in this subsection may be construed to modify subsection
26 (1) of this section and nothing contained in subsection (1) of this
27 section may be construed to modify this subsection.

28 (3) The term "sale at retail" or "retail sale" includes the sale
29 of or charge made for personal, business, or professional services
30 including amounts designated as interest, rents, fees, admission, and
31 other service emoluments however designated, received by persons
32 engaging in the following business activities:

33 (a) Abstract, title insurance, and escrow services;

34 (b) Credit bureau services;

35 (c) Automobile parking and storage garage services;

36 (d) Landscape maintenance and horticultural services but
37 excluding (i) horticultural services provided to farmers and (ii)
38 pruning, trimming, repairing, removing, and clearing of trees and
39 brush near electric transmission or distribution lines or equipment,
40 if performed by or at the direction of an electric utility;

1 (e) Service charges associated with tickets to professional
2 sporting events;

3 (f) The following personal services: Tanning salon services,
4 tattoo parlor services, steam bath services, turkish bath services,
5 escort services, and dating services; and

6 (g)(i) Operating an athletic or fitness facility, including all
7 charges for the use of such a facility or for any associated services
8 and amenities, except as provided in (g)(ii) of this subsection.

9 (ii) Notwithstanding anything to the contrary in (g)(i) of this
10 subsection (3), the term "sale at retail" and "retail sale" under
11 this subsection does not include:

12 (A) Separately stated charges for the use of an athletic or
13 fitness facility where such use is primarily for a purpose other than
14 engaging in or receiving instruction in a physical fitness activity;

15 (B) Separately stated charges for the use of a discrete portion
16 of an athletic or fitness facility, other than a pool, where such
17 discrete portion of the facility does not by itself meet the
18 definition of "athletic or fitness facility" in this subsection;

19 (C) Separately stated charges for services, such as advertising,
20 massage, nutritional consulting, and body composition testing, that
21 do not require the customer to engage in physical fitness activities
22 to receive the service. The exclusion in this subsection
23 (3)(g)(ii)(C) does not apply to personal training services and
24 instruction in a physical fitness activity;

25 (D) Separately stated charges for physical therapy provided by a
26 physical therapist, as those terms are defined in RCW 18.74.010, or
27 occupational therapy provided by an occupational therapy
28 practitioner, as those terms are defined in RCW 18.59.020, when
29 performed pursuant to a referral from an authorized health care
30 practitioner or in consultation with an authorized health care
31 practitioner. For the purposes of this subsection (3)(g)(ii)(D), an
32 authorized health care practitioner means a health care practitioner
33 licensed under chapter 18.83, 18.25, 18.36A, 18.57, 18.57A, 18.71, or
34 18.71A RCW;

35 (E) Rent or association fees charged by a landlord or residential
36 association to a tenant or residential owner with access to an
37 athletic or fitness facility maintained by the landlord or
38 residential association, unless the rent or fee varies depending on
39 whether the tenant or owner has access to the facility;

1 (F) Services provided in the regular course of employment by an
2 employee with access to an athletic or fitness facility maintained by
3 the employer for use without charge by its employees or their family
4 members;

5 (G) The provision of access to an athletic or fitness facility by
6 an educational institution to its students and staff. However,
7 charges made by an educational institution to its alumni or other
8 members of the public for the use of any of the educational
9 institution's athletic or fitness facilities are a retail sale under
10 this subsection (3)(g). For purposes of this subsection
11 (3)(g)(ii)(G), "educational institution" has the same meaning as in
12 RCW 82.04.170;

13 (H) Yoga, chi gong, or martial arts classes, training, or events
14 held at a community center, park, school gymnasium, college or
15 university, hospital or other medical facility, private residence, or
16 any other facility that is not operated within and as part of an
17 athletic or fitness facility.

18 (iii) Nothing in (g)(ii) of this subsection (3) may be construed
19 to affect the taxation of sales made by the operator of an athletic
20 or fitness facility, where such sales are defined as a retail sale
21 under any provision of this section other than this subsection (3).

22 (iv) For the purposes of this subsection (3)(g), the following
23 definitions apply:

24 (A) "Athletic or fitness facility" means an indoor or outdoor
25 facility or portion of a facility that is primarily used for:
26 Exercise classes; strength and conditioning programs; personal
27 training services; tennis, racquetball, handball, squash, or
28 pickleball; or other activities requiring the use of exercise or
29 strength training equipment, such as treadmills, elliptical machines,
30 stair climbers, stationary cycles, rowing machines, pilates
31 equipment, balls, climbing ropes, jump ropes, and weightlifting
32 equipment.

33 (B) "Martial arts" means any of the various systems of training
34 for physical combat or self-defense. "Martial arts" includes, but is
35 not limited to, karate, kung fu, tae kwon do, Krav Maga, boxing,
36 kickboxing, jujitsu, shootfighting, wrestling, aikido, judo, hapkido,
37 Kendo, tai chi, and mixed martial arts.

38 (C) "Physical fitness activities" means activities that involve
39 physical exertion for the purpose of improving or maintaining the
40 general fitness, strength, flexibility, conditioning, or health of

1 the participant. "Physical fitness activities" includes participating
2 in yoga, chi gong, or martial arts.

3 (4)(a) The term also includes the renting or leasing of tangible
4 personal property to consumers.

5 (b) The term does not include the renting or leasing of tangible
6 personal property where the lease or rental is for the purpose of
7 sublease or subrent.

8 (5) The term also includes the providing of "competitive
9 telephone service," "telecommunications service," or "ancillary
10 services," as those terms are defined in RCW 82.04.065, to consumers.

11 (6)(a) The term also includes the sale of prewritten computer
12 software to a consumer, regardless of the method of delivery to the
13 end user. For purposes of (a) and (b) of this subsection, the sale of
14 prewritten computer software includes the sale of or charge made for
15 a key or an enabling or activation code, where the key or code is
16 required to activate prewritten computer software and put the
17 software into use. There is no separate sale of the key or code from
18 the prewritten computer software, regardless of how the sale may be
19 characterized by the vendor or by the purchaser.

20 (b) The term "retail sale" does not include the sale of or charge
21 made for:

22 (i) Custom software; or

23 (ii) The customization of prewritten computer software.

24 (c)(i) The term also includes the charge made to consumers for
25 the right to access and use prewritten computer software, where
26 possession of the software is maintained by the seller or a third
27 party, regardless of whether the charge for the service is on a per
28 use, per user, per license, subscription, or some other basis.

29 (ii)(A) The service described in (c)(i) of this subsection (6)
30 includes the right to access and use prewritten computer software to
31 perform data processing.

32 (B) For purposes of this subsection (6)(c)(ii), "data processing"
33 means the systematic performance of operations on data to extract the
34 required information in an appropriate form or to convert the data to
35 usable information. Data processing includes check processing, image
36 processing, form processing, survey processing, payroll processing,
37 claim processing, and similar activities.

38 (7) The term also includes the sale of or charge made for an
39 extended warranty to a consumer. For purposes of this subsection,
40 "extended warranty" means an agreement for a specified duration to

1 perform the replacement or repair of tangible personal property at no
2 additional charge or a reduced charge for tangible personal property,
3 labor, or both, or to provide indemnification for the replacement or
4 repair of tangible personal property, based on the occurrence of
5 specified events. The term "extended warranty" does not include an
6 agreement, otherwise meeting the definition of extended warranty in
7 this subsection, if no separate charge is made for the agreement and
8 the value of the agreement is included in the sales price of the
9 tangible personal property covered by the agreement. For purposes of
10 this subsection, "sales price" has the same meaning as in RCW
11 82.08.010.

12 (8)(a) The term also includes the following sales to consumers of
13 digital goods, digital codes, and digital automated services:

14 (i) Sales in which the seller has granted the purchaser the right
15 of permanent use;

16 (ii) Sales in which the seller has granted the purchaser a right
17 of use that is less than permanent;

18 (iii) Sales in which the purchaser is not obligated to make
19 continued payment as a condition of the sale; and

20 (iv) Sales in which the purchaser is obligated to make continued
21 payment as a condition of the sale.

22 (b) A retail sale of digital goods, digital codes, or digital
23 automated services under this subsection (8) includes any services
24 provided by the seller exclusively in connection with the digital
25 goods, digital codes, or digital automated services, whether or not a
26 separate charge is made for such services.

27 (c) For purposes of this subsection, "permanent" means perpetual
28 or for an indefinite or unspecified length of time. A right of
29 permanent use is presumed to have been granted unless the agreement
30 between the seller and the purchaser specifies or the circumstances
31 surrounding the transaction suggest or indicate that the right to use
32 terminates on the occurrence of a condition subsequent.

33 (9) The term also includes the charge made for providing tangible
34 personal property along with an operator for a fixed or indeterminate
35 period of time. A consideration of this is that the operator is
36 necessary for the tangible personal property to perform as designed.
37 For the purpose of this subsection (9), an operator must do more than
38 maintain, inspect, or set up the tangible personal property.

39 (10) The term does not include the sale of or charge made for
40 labor and services rendered in respect to the building, repairing, or

1 improving of any street, place, road, highway, easement, right-of-
2 way, mass public transportation terminal or parking facility, bridge,
3 tunnel, or trestle which is owned by a municipal corporation or
4 political subdivision of the state or by the United States and which
5 is used or to be used primarily for foot or vehicular traffic
6 including mass transportation vehicles of any kind.

7 (11) The term also does not include sales of:

8 (a) Chemical sprays or washes ((to persons for the purpose of
9 postharvest treatment of fruit for the prevention of scald, fungus,
10 mold, or decay, nor does it include sales of)), fertilizer, and spray
11 materials as provided in section 402 of this act; and

12 (b) Feed, seed, seedlings, fertilizer, agents for enhanced
13 pollination including insects such as bees((, and spray materials))
14 to: ((+a)) (i) Persons who participate in the federal conservation
15 reserve program, the environmental quality incentives program, the
16 wetlands reserve program, ((and)) or the wildlife habitat incentives
17 program, or their successors administered by the United States
18 department of agriculture;

19 ((+b)) (ii) Farmers for the purpose of producing for sale any
20 agricultural product;

21 ((+c)) (iii) Farmers for the purpose of providing bee
22 pollination services; and

23 ((+d)) (iv) Farmers acting under cooperative habitat development
24 or access contracts with an organization exempt from federal income
25 tax under 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue
26 code or the Washington state department of fish and wildlife to
27 produce or improve wildlife habitat on land that the farmer owns or
28 leases.

29 (12) The term does not include the sale of or charge made for
30 labor and services rendered in respect to the constructing,
31 repairing, decorating, or improving of new or existing buildings or
32 other structures under, upon, or above real property of or for the
33 United States, any instrumentality thereof, or a county or city
34 housing authority created pursuant to chapter 35.82 RCW, including
35 the installing, or attaching of any article of tangible personal
36 property therein or thereto, whether or not such personal property
37 becomes a part of the realty by virtue of installation. Nor does the
38 term include the sale of services or charges made for the clearing of
39 land and the moving of earth of or for the United States, any
40 instrumentality thereof, or a county or city housing authority. Nor

1 does the term include the sale of services or charges made for
2 cleaning up for the United States, or its instrumentalities,
3 radioactive waste and other by-products of weapons production and
4 nuclear research and development.

5 (13) The term does not include the sale of or charge made for
6 labor, services, or tangible personal property pursuant to agreements
7 providing maintenance services for bus, rail, or rail fixed guideway
8 equipment when a regional transit authority is the recipient of the
9 labor, services, or tangible personal property, and a transit agency,
10 as defined in RCW 81.104.015, performs the labor or services.

11 (14) The term does not include the sale for resale of any service
12 described in this section if the sale would otherwise constitute a
13 "sale at retail" and "retail sale" under this section.

14 (15)(a) The term "sale at retail" or "retail sale" includes
15 amounts charged, however labeled, to consumers to engage in any of
16 the activities listed in this subsection (15)(a), including the
17 furnishing of any associated equipment or, except as otherwise
18 provided in this subsection, providing instruction in such
19 activities, where such charges are not otherwise defined as a "sale
20 at retail" or "retail sale" in this section:

21 (i)(A) Golf, including any variant in which either golf balls or
22 golf clubs are used, such as miniature golf, hitting golf balls at a
23 driving range, and golf simulators, and including fees charged by a
24 golf course to a player for using his or her own cart. However,
25 charges for golf instruction are not a retail sale, provided that if
26 the instruction involves the use of a golfing facility that would
27 otherwise require the payment of a fee, such as green fees or driving
28 range fees, such fees, including the applicable retail sales tax,
29 must be separately identified and charged by the golfing facility
30 operator to the instructor or the person receiving the instruction.

31 (B) Notwithstanding (a)(i)(A) of this subsection (15) and except
32 as otherwise provided in this subsection (15)(a)(i)(B), the term
33 "sale at retail" or "retail sale" does not include amounts charged to
34 participate in, or conduct, a golf tournament or other competitive
35 event. However, amounts paid by event participants to the golf
36 facility operator are retail sales under this subsection (15)(a)(i).
37 Likewise, amounts paid by the event organizer to the golf facility
38 are retail sales under this subsection (15)(a)(i), if such amounts
39 vary based on the number of event participants;

1 (ii) Ballooning, hang gliding, indoor or outdoor sky diving,
2 paragliding, parasailing, and similar activities;

3 (iii) Air hockey, billiards, pool, foosball, darts, shuffleboard,
4 ping pong, and similar games;

5 (iv) Access to amusement park, theme park, and water park
6 facilities, including but not limited to charges for admission and
7 locker or cabana rentals. Discrete charges for rides or other
8 attractions or entertainment that are in addition to the charge for
9 admission are not a retail sale under this subsection (15)(a)(iv).
10 For the purposes of this subsection, an amusement park or theme park
11 is a location that provides permanently affixed amusement rides,
12 games, and other entertainment, but does not include parks or zoos
13 for which the primary purpose is the exhibition of wildlife, or
14 fairs, carnivals, and festivals as defined in (b)(i) of this
15 subsection;

16 (v) Batting cage activities;

17 (vi) Bowling, but not including competitive events, except that
18 amounts paid by the event participants to the bowling alley operator
19 are retail sales under this subsection (15)(a)(vi). Likewise, amounts
20 paid by the event organizer to the operator of the bowling alley are
21 retail sales under this subsection (15)(a)(vi), if such amounts vary
22 based on the number of event participants;

23 (vii) Climbing on artificial climbing structures, whether indoors
24 or outdoors;

25 (viii) Day trips for sightseeing purposes;

26 (ix) Bungee jumping, zip lining, and riding inside a ball,
27 whether inflatable or otherwise;

28 (x) Horseback riding offered to the public, where the seller
29 furnishes the horse to the buyer and providing instruction is not the
30 primary focus of the activity, including guided rides, but not
31 including therapeutic horseback riding provided by an instructor
32 certified by a nonprofit organization that offers national or
33 international certification for therapeutic riding instructors;

34 (xi) Fishing, including providing access to private fishing areas
35 and charter or guided fishing, except that fishing contests and
36 license fees imposed by a government entity are not a retail sale
37 under this subsection;

38 (xii) Guided hunting and hunting at game farms and shooting
39 preserves, except that hunting contests and license fees imposed by a
40 government entity are not a retail sale under this subsection;

1 (xiii) Swimming, but only in respect to (A) recreational or
2 fitness swimming that is open to the public, such as open swim, lap
3 swimming, and special events like kids night out and pool parties
4 during open swim time, and (B) pool parties for private events, such
5 as birthdays, family gatherings, and employee outings. Fees for
6 swimming lessons, to participate in swim meets and other
7 competitions, or to join a swim team, club, or aquatic facility are
8 not retail sales under this subsection (15)(a)(xiii);

9 (xiv) Go-karting, bumper cars, and other motorized activities
10 where the seller provides the vehicle and the premises where the
11 buyer will operate the vehicle;

12 (xv) Indoor or outdoor playground activities, such as inflatable
13 bounce structures and other inflatables; mazes; trampolines; slides;
14 ball pits; games of tag, including laser tag and soft-dart tag; and
15 human gyroscope rides, regardless of whether such activities occur at
16 the seller's place of business, but not including playground
17 activities provided for children by a licensed child day care center
18 or licensed family day care provider as those terms are defined in
19 RCW ((~~43.215.010~~)) 43.216.010;

20 (xvi) Shooting sports and activities, such as target shooting,
21 skeet, trap, sporting clays, "5" stand, and archery, but only in
22 respect to discrete charges to members of the public to engage in
23 these activities, but not including fees to enter a competitive
24 event, instruction that is entirely or predominately classroom based,
25 or to join or renew a membership at a club, range, or other facility;

26 (xvii) Paintball and airsoft activities;

27 (xviii) Skating, including ice skating, roller skating, and
28 inline skating, but only in respect to discrete charges to members of
29 the public to engage in skating activities, but not including skating
30 lessons, competitive events, team activities, or fees to join or
31 renew a membership at a skating facility, club, or other
32 organization;

33 (xix) Nonmotorized snow sports and activities, such as downhill
34 and cross-country skiing, snowboarding, ski jumping, sledding, snow
35 tubing, snowshoeing, and similar snow sports and activities, whether
36 engaged in outdoors or in an indoor facility with or without snow,
37 but only in respect to discrete charges to the public for the use of
38 land or facilities to engage in nonmotorized snow sports and
39 activities, such as fees, however labeled, for the use of ski lifts
40 and tows and daily or season passes for access to trails or other

1 areas where nonmotorized snow sports and activities are conducted.
2 However, fees for the following are not retail sales under this
3 subsection (15)(a)(xix): (A) Instructional lessons; (B) permits
4 issued by a governmental entity to park a vehicle on or access public
5 lands; and (C) permits or leases granted by an owner of private
6 timberland for recreational access to areas used primarily for
7 growing and harvesting timber; and

8 (xx) Scuba diving; snorkeling; river rafting; surfing;
9 kiteboarding; flyboarding; water slides; inflatables, such as water
10 pillows, water trampolines, and water rollers; and similar water
11 sports and activities.

12 (b) Notwithstanding anything to the contrary in this subsection
13 (15), the term "sale at retail" or "retail sale" does not include
14 charges:

15 (i) Made for admission to, and rides or attractions at, fairs,
16 carnivals, and festivals. For the purposes of this subsection, fairs,
17 carnivals, and festivals are events that do not exceed twenty-one
18 days and a majority of the amusement rides, if any, are not affixed
19 to real property;

20 (ii) Made by an educational institution to its students and staff
21 for activities defined as retail sales by (a)(i) through (xx) of this
22 subsection. However, charges made by an educational institution to
23 its alumni or other members of the general public for these
24 activities are a retail sale under this subsection (15). For purposes
25 of this subsection (15)(b)(ii), "educational institution" has the
26 same meaning as in RCW 82.04.170;

27 (iii) Made by a vocational school for commercial diver training
28 that is licensed by the workforce training and education coordinating
29 board under chapter 28C.10 RCW; or

30 (iv) Made for day camps offered by a nonprofit organization or
31 state or local governmental entity that provide youth not older than
32 age eighteen, or that are focused on providing individuals with
33 disabilities or mental illness, the opportunity to participate in a
34 variety of supervised activities.

35 NEW SECTION. **Sec. 402.** A new section is added to chapter 82.04
36 RCW to read as follows:

37 (1) As provided by RCW 82.04.050(11), the term "sale at retail"
38 or "retail sale" does not include sales of:

1 (a) Registered chemical sprays or washes to persons for the
2 purpose of postharvest treatment of fruit for the prevention of
3 scald, fungus, mold, or decay; and

4 (b) Registered fertilizer and spray materials to:

5 (i) Persons who participate in the federal conservation reserve
6 program, the environmental quality incentives program, the wetlands
7 reserve program, or the wildlife habitat incentives program, or their
8 successors administered by the United States department of
9 agriculture;

10 (ii) Farmers for the purpose of producing for sale any
11 agricultural product; and

12 (iii) Farmers acting under cooperative habitat development or
13 access contracts with an organization exempt from federal income tax
14 under 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code
15 or the Washington state department of fish and wildlife to produce or
16 improve wildlife habitat on land that the farmer owns or leases.

17 (2) The definitions in this subsection apply to this section:

18 (a) "Brand name materials list" means a list established by the
19 state department of agriculture of materials allowed for use in
20 organic production, processing, or handling under standards of the
21 national organic program.

22 (b) "National organic program" means a program authorized by the
23 organic foods production act of 1990, as amended, 7 U.S.C. Sec. 6501
24 et seq., and the rules adopted thereunder for agricultural products
25 marketed and labeled using the term "organic" or a derivative of the
26 term "organic."

27 (c) "Registered" means registration by the state department of
28 agriculture and inclusion in the brand name materials list as
29 provided under RCW 15.86.130.

30 Part V

31 Reducing the Estate Tax Threshold

32 **Sec. 501.** RCW 83.100.020 and 2013 2nd sp.s. c 2 s 2 are each
33 reenacted and amended to read as follows:

34 The definitions in this section apply throughout this chapter
35 unless the context clearly requires otherwise.

36 (1)(a) "Applicable exclusion amount" means:

37 (i) One million five hundred thousand dollars for decedents dying
38 before January 1, 2006;

1 (ii) Two million dollars for estates of decedents dying on or
2 after January 1, 2006, and before January 1, 2014; (~~and~~)

3 (iii) For estates of decedents dying in calendar year 2014 (~~and~~
4 ~~each calendar year thereafter~~), and before April 1, 2018, the amount
5 in (a)(ii) of this subsection must be adjusted annually, except as
6 otherwise provided in this subsection (1)(a)(iii). The annual
7 adjustment is determined by multiplying two million dollars by one
8 plus the percentage by which the most recent October consumer price
9 index exceeds the consumer price index for October 2012, and rounding
10 the result to the nearest one thousand dollars. No adjustment is made
11 for a calendar year if the adjustment would result in the same or a
12 lesser applicable exclusion amount than the applicable exclusion
13 amount for the immediately preceding calendar year. The applicable
14 exclusion amount under this subsection (1)(a)(iii) for the decedent's
15 estate is the applicable exclusion amount in effect as of the date of
16 the decedent's death; and

17 (iv) One million dollars for estates of decedents dying on or
18 after April 1, 2018, adjusted annually beginning in calendar year
19 2020, except as otherwise provided in this subsection (1)(a)(iv). The
20 annual adjustment is determined by multiplying one million dollars by
21 one plus the percentage by which the most recent October consumer
22 price index exceeds the consumer price index for October 2018, and
23 rounding the result to the nearest one thousand dollars. No
24 adjustment is made for a calendar year if the adjustment would result
25 in the same or a lesser applicable exclusion amount than the
26 applicable exclusion amount for the immediately preceding calendar
27 year. The applicable exclusion amount under this subsection
28 (1)(a)(iv) for the decedent's estate is the applicable exclusion
29 amount in effect as of the date of the decedent's death.

30 (b) For purposes of this subsection, "consumer price index" means
31 the consumer price index for all urban consumers, all items, for the
32 Seattle-Tacoma-Bremerton metropolitan area as calculated by the
33 United States bureau of labor statistics.

34 (2) "Decedent" means a deceased individual.

35 (3) "Department" means the department of revenue, the director of
36 that department, or any employee of the department exercising
37 authority lawfully delegated to him or her by the director.

38 (4) "Federal return" means any tax return required by chapter 11
39 of the internal revenue code.

- 1 (5) "Federal tax" means a tax under chapter 11 of the internal
2 revenue code.
- 3 (6) "Federal taxable estate" means the taxable estate as
4 determined under chapter 11 of the internal revenue code without
5 regard to: (a) The termination of the federal estate tax under
6 section 2210 of the internal revenue code or any other provision of
7 law, and (b) the deduction for state estate, inheritance, legacy, or
8 succession taxes allowable under section 2058 of the internal revenue
9 code.
- 10 (7) "Gross estate" means "gross estate" as defined and used in
11 section 2031 of the internal revenue code.
- 12 (8) "Internal revenue code" means the United States internal
13 revenue code of 1986, as amended or renumbered as of January 1, 2005.
- 14 (9) "Person" means any individual, estate, trust, receiver,
15 cooperative association, club, corporation, company, firm,
16 partnership, joint venture, syndicate, or other entity and, to the
17 extent permitted by law, any federal, state, or other governmental
18 unit or subdivision or agency, department, or instrumentality
19 thereof.
- 20 (10) "Person required to file the federal return" means any
21 person required to file a return required by chapter 11 of the
22 internal revenue code, such as the personal representative of an
23 estate.
- 24 (11) "Property" means property included in the gross estate.
- 25 (12) "Resident" means a decedent who was domiciled in Washington
26 at time of death.
- 27 (13) "Taxpayer" means a person upon whom tax is imposed under
28 this chapter, including an estate or a person liable for tax under
29 RCW 83.100.120.
- 30 (14) "Transfer" means "transfer" as used in section 2001 of the
31 internal revenue code and includes any shifting upon death of the
32 economic benefit in property or any power or legal privilege
33 incidental to the ownership or enjoyment of property. However,
34 "transfer" does not include a qualified heir disposing of an interest
35 in property qualifying for a deduction under RCW 83.100.046 or
36 ceasing to use the property for farming purposes.
- 37 (15) "Washington taxable estate" means the federal taxable estate
38 and includes, but is not limited to, the value of any property
39 included in the gross estate under section 2044 of the internal
40 revenue code, regardless of whether the decedent's interest in such

1 property was acquired before May 17, 2005, (a) plus amounts required
2 to be added to the Washington taxable estate under RCW 83.100.047,
3 (b) less: (i) The applicable exclusion amount; (ii) the amount of any
4 deduction allowed under RCW 83.100.046; (iii) amounts allowed to be
5 deducted from the Washington taxable estate under RCW 83.100.047; and
6 (iv) the amount of any deduction allowed under RCW 83.100.048.

7 **Part VI**

8 **Imposing a Graduated Real Estate Excise Tax**

9 NEW SECTION. **Sec. 601.** (1) This section is the tax preference
10 performance statement for the tax preference contained in section
11 602, chapter . . . , Laws of 2018 (section 602 of this act). This
12 performance statement is only intended to be used for subsequent
13 evaluation of the tax preference. It is not intended to create a
14 private right of action by any party or to be used to determine
15 eligibility for preferential tax treatment.

16 (2) The legislature categorizes this tax preference as one
17 intended to provide tax relief for certain businesses or individuals,
18 as indicated in RCW 82.32.808(2)(e).

19 (3) It is the legislature's specific public policy objective to
20 reduce the tax burden on individuals and businesses who sell real
21 property subject to the real estate excise tax.

22 (4) If the review finds that more than one thousand transactions
23 in the state per year are experiencing tax relief from the
24 preferential excise tax rates in section 602(1)(a) of this act, then
25 the legislature intends to extend the expiration date of this tax
26 preference.

27 (5) In order to obtain the data necessary to perform the review
28 in subsection (4) of this section, the joint legislative audit and
29 review committee may refer to any data collected by the state.

30 **Sec. 602.** RCW 82.45.060 and 2017 3rd sp.s. c 10 s 13 are each
31 amended to read as follows:

32 (1) Until January 1, 2034, there is imposed an excise tax upon
33 each sale of real property at the ((rate of one and twenty-eight one-
34 hundredths percent of the selling price.)) following rates multiplied
35 by the selling price:

36 (a) Three-quarters percent if the selling price is less than two
37 hundred fifty thousand dollars;

1 (b) One and twenty-eight one-hundredths percent if the selling
2 price is equal to or greater than two hundred fifty thousand dollars
3 but less than one million dollars;

4 (c) Two percent if the selling price is equal to or greater than
5 one million dollars but less than five million dollars; or

6 (d) Two and one-half percent if the selling price is equal to or
7 greater than five million dollars.

8 (2) Beginning January 1, 2034, there is imposed an excise tax
9 upon each sale of real property at the rate of one and twenty-eight
10 one-hundredths percent of the selling price.

11 (3) Beginning July 1, 2013, and ending June 30, 2023, an amount
12 equal to two percent of the proceeds of this tax revenue remaining
13 after the calculations and deposits made pursuant to section 603(2)
14 of this act must be deposited in the public works assistance account
15 created in RCW 43.155.050, and an amount equal to four and one-tenth
16 percent of this tax revenue remaining after the calculations and
17 deposits made pursuant to section 603(2) of this act must be
18 deposited in the education legacy trust account created in RCW
19 83.100.230. Thereafter, an amount equal to six and one-tenth percent
20 of the proceeds of this tax revenue remaining after the calculations
21 and deposits made pursuant to section 603(2) of this act to the state
22 treasurer must be deposited in the public works assistance account
23 created in RCW 43.155.050. Except as otherwise provided in this
24 section, an amount equal to one and six-tenths percent of the
25 proceeds of this tax revenue remaining after the calculations and
26 deposits made pursuant to section 603(2) of this act to the state
27 treasurer must be deposited in the city-county assistance account
28 created in RCW 43.08.290.

29 NEW SECTION. Sec. 603. A new section is added to chapter 82.32
30 RCW to read as follows:

31 By the last workday of the second and fourth calendar quarters,
32 the state treasurer must transfer the amount specified in this
33 section from the general fund to the education legacy trust account.
34 The first transfer under this section must occur by December 31,
35 2018. By December 15th and by June 15th of each fiscal year, the
36 department must estimate the net increase in state general fund
37 revenues from the changes made under part VI of this act for the
38 applicable six-month period of the current fiscal year and the same

1 six-month period of fiscal year 2018 and notify the state treasurer
2 of the increase.

3 NEW SECTION. **Sec. 604.** A new section is added to chapter 43.135
4 RCW to read as follows:

5 RCW 43.135.034(4) does not apply to the transfers under section
6 603 of this act.

7 NEW SECTION. **Sec. 605.** A new section is added to chapter 39.42
8 RCW to read as follows:

9 The purpose of part VI of this act is to levy revenues for the
10 support of education-related expenditures from the education legacy
11 trust account. For this reason, general state revenues transferred to
12 the education legacy trust account under section 603 of this act are
13 excluded from the calculation of general state revenues for purposes
14 of Article VIII, section 1 of the state Constitution and RCW
15 39.42.130 and 39.42.140.

16 **Part VII**
17 **Imposing a Carbonated Beverage Tax**

18 NEW SECTION. **Sec. 701.** Unless the context clearly requires
19 otherwise, the definitions in this section apply throughout this
20 chapter.

21 (1)(a) "Carbonated beverage" means any packaged nonalcoholic
22 liquid intended for human consumption that contains carbonation by
23 natural or artificial means and any of the following
24 substances: Caffeine, extracts, fruit juice or concentrated fruit
25 juice, herbs, sweeteners, or syrup. "Packaged" includes cans,
26 bottles, and other similar sealed containers. "Syrup" means a
27 concentrated mixture in either liquid or powdered form that contains
28 sugar or a sugar substitute and that is an ingredient used to make
29 carbonated beverages.

30 (b) "Carbonated beverage" does not include carbonated bottled
31 water. For the purpose of this subsection, "bottled water" has the
32 same meaning as provided in RCW 82.08.0293.

33 (2) "Ounce" means United States fluid ounce.

34 (3) "Previously taxed carbonated beverages" means carbonated
35 beverages to which the tax under this chapter has been previously
36 imposed.

1 (4) Except for terms defined in this section, the definitions in
2 chapters 82.04, 82.08, and 82.12 RCW apply to this chapter.

3 NEW SECTION. **Sec. 702.** (1) A tax is imposed on every person for
4 the privilege of selling, at wholesale or retail, carbonated
5 beverages in this state. The rate of the tax is equal to two cents
6 per twelve ounces of carbonated beverages sold in this state.

7 (2)(a) In calculating the amount of tax due under this section,
8 if the total amount of carbonated beverages sold in this state during
9 the reporting period is not a whole number, the taxable quantity must
10 be rounded as provided in (b) of this subsection.

11 (b) For a fraction of an ounce that is equal to or greater than
12 one-half ounce, the taxable quantity must be rounded up to the
13 nearest ounce. For a fraction of an ounce that is less than one-half
14 ounce, the taxable quantity must be rounded down to the nearest
15 ounce.

16 (3) Chapter 82.32 RCW applies to the tax imposed in this
17 section. The tax reporting frequency for the tax imposed in this
18 section must coincide with the taxpayer's reporting frequency for the
19 tax imposed in chapter 82.04 RCW.

20 (4) The department may require taxpayers to report the taxable
21 quantity of carbonated beverages in units of measure other than
22 ounces.

23 (5) The tax imposed in this section is in addition to all other
24 taxes imposed in this title on the same taxable event.

25 NEW SECTION. **Sec. 703.** (1) The tax imposed in this chapter does
26 not apply to any successive sale of previously taxed carbonated
27 beverages.

28 (2) Any person claiming the exemption provided in this section
29 must maintain documentation establishing that the carbonated
30 beverages were previously taxed under this chapter. The documentation
31 may be in the form of information on the invoice, or certification
32 from the previous seller, stating: (a) That all or a specific stated
33 portion of the carbonated beverages were previously subject to the
34 tax imposed in this chapter; and (b) the amount of tax remitted or to
35 be remitted to the department in respect of the carbonated beverages.

36 NEW SECTION. **Sec. 704.** The tax imposed in this chapter does not
37 apply to any activity or person that the state is prohibited from

1 taxing under the Constitution of this state or the Constitution or
2 laws of the United States.

3 **Part VIII**

4 **Imposing a Luxury Tax on Expensive Passenger Motor Vehicles**

5 **Sec. 801.** RCW 82.08.020 and 2014 c 140 s 12 are each amended to
6 read as follows:

7 (1) There is levied and collected a tax equal to six and five-
8 tenths percent of the selling price on each retail sale in this state
9 of:

10 (a) Tangible personal property, unless the sale is specifically
11 excluded from the RCW 82.04.050 definition of retail sale;

12 (b) Digital goods, digital codes, and digital automated services,
13 if the sale is included within the RCW 82.04.050 definition of retail
14 sale;

15 (c) Services, other than digital automated services, included
16 within the RCW 82.04.050 definition of retail sale;

17 (d) Extended warranties to consumers; and

18 (e) Anything else, the sale of which is included within the RCW
19 82.04.050 definition of retail sale.

20 (2) There is levied and collected an additional tax on each
21 retail car rental, regardless of whether the vehicle is licensed in
22 this state, equal to five and nine-tenths percent of the selling
23 price. The revenue collected under this subsection must be deposited
24 in the multimodal transportation account created in RCW 47.66.070.

25 (3)(a) Beginning July 1, 2003, there is levied and collected an
26 additional tax of three-tenths of one percent of the selling price on
27 each retail sale of a motor vehicle in this state, other than retail
28 car rentals taxed under subsection (2) of this section. The revenue
29 collected under this subsection must be deposited in the multimodal
30 transportation account created in RCW 47.66.070.

31 ((+4)) (b) For purposes of this subsection (3) (~~of this~~
32 ~~section~~), "motor vehicle" has the meaning provided in RCW 46.04.320,
33 but does not include:

34 (a) Farm tractors or farm vehicles as defined in RCW 46.04.180
35 and 46.04.181, unless the farm tractor or farm vehicle is for use in
36 the production of marijuana;

37 (b) Off-road vehicles as defined in RCW 46.04.365;

38 (c) Nonhighway vehicles as defined in RCW 46.09.310; and

1 (d) Snowmobiles as defined in RCW 46.04.546.

2 (4)(a) In addition to the taxes imposed in subsections (1) and
3 (3) of this section, there is levied and collected an additional tax
4 on the sale of a passenger motor vehicle if:

5 (i) The selling price of the passenger motor vehicle exceeds
6 fifty thousand dollars; or

7 (ii) In the case of a lease requiring periodic payments, the fair
8 market value of the passenger motor vehicle exceeds fifty thousand
9 dollars at the inception of the lease.

10 (b) The additional tax imposed in this subsection applies
11 regardless of whether the vehicle is used for personal, business, or
12 other purposes.

13 (c) The additional tax imposed in this subsection only applies to
14 the portion of the selling price in excess of fifty thousand dollars,
15 or in the case of a lease requiring periodic payments, the fair
16 market value of the passenger motor vehicle in excess of fifty
17 thousand dollars at the inception of the lease.

18 (d) For purposes of this subsection, "passenger motor vehicle"
19 means any motor vehicle that is designed for carrying ten or fewer
20 passengers, including cars, light trucks, limousines, motorcycles,
21 motor homes, passenger vans, and sport utility vehicles. For purposes
22 of this subsection (4)(d), the definitions in chapter 46.04 RCW
23 apply.

24 (5) Beginning on December 8, 2005, 0.16 percent of the taxes
25 collected under subsection (1) of this section must be dedicated to
26 funding comprehensive performance audits required under RCW
27 43.09.470. The revenue identified in this subsection must be
28 deposited in the performance audits of government account created in
29 RCW 43.09.475.

30 (6) The taxes imposed under this chapter apply to successive
31 retail sales of the same property.

32 (7) The rates provided in this section apply to taxes imposed
33 under chapter 82.12 RCW as provided in RCW 82.12.020.

34 **Sec. 802.** RCW 82.12.020 and 2017 c 323 s 520 are each amended to
35 read as follows:

36 (1) There is levied and collected from every person in this state
37 a tax or excise for the privilege of using within this state as a
38 consumer any:

1 (a) Article of tangible personal property acquired by the user in
2 any manner, including tangible personal property acquired at a casual
3 or isolated sale, and including by-products used by the manufacturer
4 thereof, except as otherwise provided in this chapter, irrespective
5 of whether the article or similar articles are manufactured or are
6 available for purchase within this state;

7 (b) Prewritten computer software, regardless of the method of
8 delivery, but excluding prewritten computer software that is either
9 provided free of charge or is provided for temporary use in viewing
10 information, or both;

11 (c) Services defined as a retail sale in RCW 82.04.050 (2) (a) or
12 (g) or (6)(c), excluding services defined as a retail sale in RCW
13 82.04.050(6)(c) that are provided free of charge;

14 (d) Extended warranty; or

15 (e)(i) Digital good, digital code, or digital automated service,
16 including the use of any services provided by a seller exclusively in
17 connection with digital goods, digital codes, or digital automated
18 services, whether or not a separate charge is made for such services.

19 (ii) With respect to the use of digital goods, digital automated
20 services, and digital codes acquired by purchase, the tax imposed in
21 this subsection (1)(e) applies in respect to:

22 (A) Sales in which the seller has granted the purchaser the right
23 of permanent use;

24 (B) Sales in which the seller has granted the purchaser a right
25 of use that is less than permanent;

26 (C) Sales in which the purchaser is not obligated to make
27 continued payment as a condition of the sale; and

28 (D) Sales in which the purchaser is obligated to make continued
29 payment as a condition of the sale.

30 (iii) With respect to digital goods, digital automated services,
31 and digital codes acquired other than by purchase, the tax imposed in
32 this subsection (1)(e) applies regardless of whether or not the
33 consumer has a right of permanent use or is obligated to make
34 continued payment as a condition of use.

35 (2) The provisions of this chapter do not apply in respect to the
36 use of any article of tangible personal property, extended warranty,
37 digital good, digital code, digital automated service, or service
38 taxable under RCW 82.04.050 (2) (a) or (g) or (6)(c), if the sale to,
39 or the use by, the present user or the present user's bailor or donor
40 has already been subjected to the tax under chapter 82.08 RCW or this

1 chapter and the tax has been paid by the present user or by the
2 present user's bailor or donor.

3 (3)(a) Except as provided in this section, payment of the tax
4 imposed by this chapter or chapter 82.08 RCW by one purchaser or user
5 of tangible personal property, extended warranty, digital good,
6 digital code, digital automated service, or other service does not
7 have the effect of exempting any other purchaser or user of the same
8 property, extended warranty, digital good, digital code, digital
9 automated service, or other service from the taxes imposed by such
10 chapters.

11 (b) The tax imposed by this chapter does not apply:

12 (i) If the sale to, or the use by, the present user or his or her
13 bailor or donor has already been subjected to the tax under chapter
14 82.08 RCW or this chapter and the tax has been paid by the present
15 user or by his or her bailor or donor;

16 (ii) In respect to the use of any article of tangible personal
17 property acquired by bailment and the tax has once been paid based on
18 reasonable rental as determined by RCW 82.12.060 measured by the
19 value of the article at time of first use multiplied by the tax rate
20 imposed by chapter 82.08 RCW or this chapter as of the time of first
21 use;

22 (iii) In respect to the use of any article of tangible personal
23 property acquired by bailment, if the property was acquired by a
24 previous bailee from the same bailor for use in the same general
25 activity and the original bailment was prior to June 9, 1961; or

26 (iv) To the use of digital goods or digital automated services,
27 which were obtained through the use of a digital code, if the sale of
28 the digital code to, or the use of the digital code by, the present
29 user or the present user's bailor or donor has already been subjected
30 to the tax under chapter 82.08 RCW or this chapter and the tax has
31 been paid by the present user or by the present user's bailor or
32 donor.

33 (4)(a) Except as provided in (b) of this subsection (4), the tax
34 is levied and must be collected in an amount equal to the value of
35 the article used, value of the digital good or digital code used,
36 value of the extended warranty used, or value of the service used by
37 the taxpayer, multiplied by the applicable rates in effect for the
38 retail sales tax under RCW 82.08.020.

39 (b) In the case of a seller required to collect use tax from the
40 purchaser, the tax must be collected in an amount equal to the

1 purchase price multiplied by the applicable rate in effect for the
2 retail sales tax under RCW 82.08.020.

3 (5) For purposes of the tax imposed in this section, "person"
4 includes anyone within the definition of "buyer," "purchaser," and
5 "consumer" in RCW 82.08.010.

6 (6)(a) The tax imposed in this section at the rate provided in
7 RCW 82.08.020(4) applies to the use of a passenger motor vehicle as
8 defined in RCW 82.08.020(4) on the value of the passenger motor
9 vehicle in excess of fifty thousand dollars at the time that it is
10 first used in this state by the consumer.

11 (b) "Value of the passenger motor vehicle" means the fair market
12 value of the passenger motor vehicle. In the case of a leased
13 passenger motor vehicle in which the consumer is required to make
14 periodic lease payments, "value of the passenger motor vehicle" means
15 the fair market value of the passenger motor vehicle at the inception
16 of the lease.

17 NEW SECTION. Sec. 803. The additional sales and use tax imposed
18 in sections 801 and 802 of this act applies only to passenger motor
19 vehicles acquired by the taxpayer on or after the effective date of
20 this section. In the case of leased passenger motor vehicles, the
21 additional sales and use tax imposed in sections 801 and 802 of this
22 act applies only with respect to leases entered into by the taxpayer
23 on or after the effective date of this section.

24 Part IX

25 Reducing the State Property Tax

26 **Sec. 901.** RCW 84.52.065 and 2017 3rd sp.s. c 13 s 301 are each
27 amended to read as follows:

28 (1) Except as otherwise provided in this section, subject to the
29 limitations in RCW 84.55.010, in each year the state (~~shall~~) must
30 levy for collection in the following year for the support of common
31 schools of the state a tax of three dollars and sixty cents per
32 thousand dollars of assessed value upon the assessed valuation of all
33 taxable property within the state adjusted to the state equalized
34 value in accordance with the indicated ratio fixed by the state
35 department of revenue.

1 (2)(a) In addition to the tax authorized under subsection (1) of
2 this section, the state must levy an additional property tax for the
3 support of common schools of the state.

4 (i) For taxes levied for collection in calendar years 2018
5 through 2021, the rate of tax is the rate necessary to bring the
6 aggregate rate for state property tax levies levied under this
7 subsection and subsection (1) of this section to a combined rate of
8 two dollars and (~~seventy~~) twenty-five cents per thousand dollars of
9 assessed value upon the assessed valuation of all taxable property
10 within the state adjusted to the state equalized value in accordance
11 with the indicated ratio fixed by the state department of revenue.

12 (ii) For taxes levied for collection in calendar year 2022 and
13 thereafter, the tax authorized under this subsection (2) is subject
14 to the limitations of chapter 84.55 RCW.

15 (b) Taxes collected under this subsection (2) must be deposited
16 into the state general fund.

17 (3) For taxes levied for collection in calendar years 2019
18 through 2021, the state property taxes levied under subsections (1)
19 and (2) of this section are not subject to the limitations in chapter
20 84.55 RCW.

21 (4) For taxes levied for collection in calendar year 2022 and
22 thereafter, the aggregate rate limit for state property taxes levied
23 under subsections (1) and (2) of this section is three dollars and
24 sixty cents per thousand dollars of assessed value upon the assessed
25 valuation of all taxable property within the state adjusted to the
26 state equalized value in accordance with the indicated ratio fixed by
27 the state department of revenue.

28 (5) For property taxes levied for collection in calendar years
29 2019 through 2021, the rate of tax levied under subsection (1) of
30 this section is the actual rate that was levied for collection in
31 calendar year 2018 under subsection (1) of this section.

32 (6) As used in this section, "the support of common schools"
33 includes the payment of the principal and interest on bonds issued
34 for capital construction projects for the common schools.

35 **Part X**

36 **Miscellaneous Provisions**

37 NEW SECTION. **Sec. 1001.** Part VII of this act constitutes a new
38 chapter in Title 82 RCW.

1 NEW SECTION. **Sec. 1002.** Except for part IX of this act, this
2 act is necessary for the immediate preservation of the public peace,
3 health, or safety, or support of the state government and its
4 existing public institutions, and takes effect April 1, 2018.

5 NEW SECTION. **Sec. 1003.** Part IX of this act is necessary for
6 the immediate preservation of the public peace, health, or safety, or
7 support of the state government and its existing public institutions,
8 and takes effect immediately.

--- END ---