

2SHB 2157 - H AMD 790

By Representative MacEwen

NOT CONSIDERED 12/23/2019

1 On page 33, after line 18, insert the following:

2 **"Part VII**
3 **Reducing the Current Standard Business and Occupation Tax Rates for**
4 **Manufacturers to the Current Aerospace Preferential Business and**
5 **Occupation Tax Rates**

6 **Sec. 701.** RCW 82.04.240 and 2004 c 24 s 4 are each amended to
7 read as follows:

8 Upon every person engaging within this state in business as a
9 manufacturer, except persons taxable as manufacturers under other
10 provisions of this chapter; as to such persons the amount of the tax
11 with respect to such business (~~shall be~~) is equal to the value of
12 the products, including byproducts, manufactured, multiplied by the
13 rate of (~~0.484~~) 0.2904 percent.

14 The measure of the tax is the value of the products, including
15 byproducts, so manufactured regardless of the place of sale or the
16 fact that deliveries may be made to points outside the state.

17 **Sec. 702.** RCW 82.04.240 and 2017 3rd sp.s. c 37 s 518 are each
18 amended to read as follows:

19 (1) Upon every person engaging within this state in business as a
20 manufacturer, except persons taxable as manufacturers under other
21 provisions of this chapter; as to such persons the amount of the tax
22 with respect to such business is equal to the value of the products,
23 including byproducts, manufactured, multiplied by the rate of
24 (~~0.484~~) 0.2904 percent.

25 (2) (a) Upon every person engaging within this state in the
26 business of manufacturing semiconductor materials, as to such persons
27 the amount of tax with respect to such business is, in the case of
28 manufacturers, equal to the value of the product manufactured, or, in
29 the case of processors for hire, equal to the gross income of the
30 business, multiplied by the rate of 0.275 percent. For the purposes

1 of this subsection "semiconductor materials" means silicon crystals,
2 silicon ingots, raw polished semiconductor wafers, compound
3 semiconductors, integrated circuits, and microchips.

4 (b) A person reporting under the tax rate provided in this
5 subsection (2) must file a complete annual tax performance report
6 with the department under RCW 82.32.534.

7 (3) The measure of the tax is the value of the products,
8 including byproducts, so manufactured regardless of the place of sale
9 or the fact that deliveries may be made to points outside the state.

10 (4) This section expires January 1, 2024, unless the contingency
11 in RCW 82.32.790(2) occurs.

12 **Sec. 703.** RCW 82.32.790 and 2017 3rd sp.s. c 37 s 526 are each
13 amended to read as follows:

14 (1)(a) Section 702, chapter . . ., Laws of 2019 (section 702 of
15 this act), sections 510, 512, 514, 516, 518, 520, 522, and 524,
16 chapter 37, Laws of 2017 3rd sp. sess., sections 9, 13, 17, 22, 24,
17 30, 32, and 45, chapter 135, Laws of 2017, sections 104, 110, 117,
18 123, 125, 129, 131, and 150, chapter 114, Laws of 2010, and sections
19 1, 2, 3, and 5 through 10, chapter 149, Laws of 2003 are contingent
20 upon the siting and commercial operation of a significant
21 semiconductor microchip fabrication facility in the state of
22 Washington by January 1, 2024.

23 (b) For the purposes of this section:

24 (i) "Commercial operation" means the same as "commencement of
25 commercial production" as used in RCW 82.08.965.

26 (ii) "Semiconductor microchip fabrication" means "manufacturing
27 semiconductor microchips" as defined in RCW 82.04.426.

28 (iii) "Significant" means the combined investment of new
29 buildings and new machinery and equipment in the buildings, at the
30 commencement of commercial production, will be at least one billion
31 dollars.

32 (2) The sections referenced in subsection (1) of this section
33 take effect the first day of the month in which a contract for the
34 construction of a significant semiconductor fabrication facility is
35 signed, if the contract is signed and received by January 1, 2024, as
36 determined by the director of the department of revenue.

37 (3)(a) The department of revenue must provide notice of the
38 effective date of the sections referenced in subsection (1) of this

1 section to affected taxpayers, the legislature, and others as deemed
2 appropriate by the department.

3 (b) If, after making a determination that a contract has been
4 signed and the sections referenced in subsection (1) of this section
5 are effective, the department discovers that commencement of
6 commercial production did not take place within three years of the
7 date the contract was signed, the department must make a
8 determination that chapter 149, Laws of 2003 is no longer effective,
9 and all taxes that would have been otherwise due are deemed deferred
10 taxes and are immediately assessed and payable from any person
11 reporting tax under RCW 82.04.240(2) or claiming an exemption or
12 credit under RCW 82.04.426, 82.04.448, 82.08.965, 82.12.965,
13 82.08.970, 82.12.970, or 84.36.645. The department is not authorized
14 to make a second determination regarding the effective date of the
15 sections referenced in subsection (1) of this section.

16 (4)(a) This section expires January 1, 2024, if the contingency
17 in subsection (2) of this section does not occur by January 1, 2024,
18 as determined by the department.

19 (b) The department must provide written notice of the expiration
20 date of this section and the sections referenced in subsection (1) of
21 this section to affected taxpayers, the legislature, and others as
22 deemed appropriate by the department.

23 NEW SECTION. **Sec. 704.** Section 701, chapter . . ., Laws of 2019
24 (section 701 of this act) expires on the date that section 702,
25 chapter . . ., Laws of 2019 (section 702 of this act) takes effect."

26 Renumber the remaining part and sections consecutively, correct
27 any internal references accordingly, and correct the title.

28 On page 33, line 24, after "IV," strike "and V" and insert "V,
29 and VII"

30 On page 33, line 25, after "**703.**" strike "Parts" and insert
31 "Except for section 702 of this act, parts"

32 On page 33, line 25, after "IV," strike "and VI" and insert "VI,
33 and VII"

EFFECT: Changes the standard business and occupation tax rate for
manufacturers to 0.2904 for all gross revenue attributable to

manufacturing and the retailing and wholesaling of products
manufactured by the manufacturers.

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