2SHB 2157 - H AMD **4567**
    By Representative Stokesbary

1   On page 9, after line 39, insert the following:

2   "**Sec. 202.** RCW 82.04.120 and 2014 c 216 s 303 are each amended
3   to read as follows:
4   (1) "To manufacture" embraces all activities of a commercial or
5   industrial nature wherein labor or skill is applied, by hand or
6   machinery, to materials so that as a result thereof a new, different
7   or useful substance or article of tangible personal property is
8   produced for sale or commercial or industrial use, and includes:
9   (a) The production or fabrication of special made or custom made
10 articles;
11   (b) The production or fabrication of dental appliances, devices,
12 restorations, substitutes, or other dental laboratory products by a
13 dental laboratory or dental technician;
14   (c) Cutting, delimbing, and measuring of felled, cut, or taken
15 trees;
16   (d) Crushing and/or blending of rock, sand, stone, gravel, or
17 ore; ((and))
18   (e) The production of compressed natural gas or liquefied natural
19 gas for use as a transportation fuel as defined in RCW 82.16.310; and
20   (f) The creation of intellectual property in Washington by a
21 person for whom all the following apply:
22   (i) The person has been registered with the department in
23 Washington state for at least thirty-seven years;
24   (ii) At any time after the effective date of this section,
25 combined employment in this state of the person exceeds forty
26 thousand full-time and part-time employees, based on data reported to
27 the employment security department; and
28   (iii) The business activities of the person primarily includes
29 the development, sales, and licensing of computer software and
30 services.
31   (2) "To manufacture" does not include:

1   (a) Conditioning of seed for use in planting; cubing hay or
2 alfalfa;
3   (b) Activities which consist of cutting, grading, or ice glazing
4 seafood which has been cooked, frozen, or canned outside this state;
5   (c) The growing, harvesting, or producing of agricultural
6 products;
7   (d) Packing of agricultural products, including sorting, washing,
8 rinsing, grading, waxing, treating with fungicide, packaging,
9 chilling, or placing in controlled atmospheric storage;
10   (e) The production of digital goods;
11   (f) The production of computer software if the computer software
12 is delivered from the seller to the purchaser by means other than
13 tangible storage media, including the delivery by use of a tangible
14 storage media where the tangible storage media is not physically
15 transferred to the purchaser; and
16   (g) Except as provided in subsection (1)(e) of this section, any
17 activity that is integral to any public service business as defined
18 in RCW 82.16.010 and with respect to which the gross income
19 associated with such activity: (i) Is subject to tax under chapter
20 82.16 RCW; or (ii) would be subject to tax under chapter 82.16 RCW if
21 such activity were conducted in this state or if not for an exemption
22 or deduction.
23   (3) With respect to wastewater treatment facilities:
24   (a) "To manufacture" does not include the treatment of
25 wastewater, the production of reclaimed water, and the production of
26 class B biosolids; and
27   (b) "To manufacture" does include the production of class A or
28 exceptional quality biosolids, but only with respect to the
29 processing activities that occur after the biosolids have reached
30 class B standards."

     EFFECT: Applies the manufacturing business and occupation (B&O)
rate to the creation of intellectual property by a person who for
whom all the following apply:
     (1) The person has been registered with the department in
Washington state for at least thirty-seven years;
     (2) At any time after the effective date of this section,
combined employment in this state of the person exceeds forty
thousand full-time and part-time employees, based on data reported to
the employment security department; and

(3) The business activities of the person primarily includes the development, sales, and licensing of computer software and services.

<p style="text-align:center">--- **END** ---</p>