

**ESB 6690 - H AMD 2189**

By Representative Sullivan

**ADOPTED 03/11/2020**

1 Beginning on page 1, line 7, strike all of sections 1 and 2 and  
2 insert the following:

3 "NEW SECTION. **Sec. 1.** (1) Over the past two decades, the  
4 legislature has taken significant action to promote a positive  
5 business environment for Washington's aerospace industry. The  
6 legislature finds that the industry plays a significant role not only  
7 in the health of Washington's economy, but also in the health of the  
8 United States economy. Moreover, the domestic aerospace industry has  
9 faced significant challenges with the large subsidies provided to  
10 international competitors.

11 (2) The legislature finds that a commitment to the elimination of  
12 trade barriers for aerospace as well as several other vital  
13 Washington exports is important. The legislature also wishes to help  
14 bring the United States into full compliance with a recent world  
15 trade organization ruling asserting Washington's business and  
16 occupation tax rate of 0.2904 percent violates world trade  
17 organization rules. The legislature hopes this action to help bring  
18 the United States into compliance will end the threat of retaliatory  
19 tariffs against many of Washington's industries, including  
20 agricultural products, fish, wine, and intellectual property.

21 (3) The legislature appreciates the state aerospace industry's  
22 commitment to complying with the world trade organization ruling by  
23 advocating for the repeal of the preferential business and occupation  
24 tax. The legislature hopes that the repeal of this Washington  
25 aerospace preference will ensure continued economic success and  
26 competitiveness for the industry as well as many other industries.  
27 The legislature further hopes that the repeal of the 0.2904 business  
28 and occupation tax will allow for the complete resolution of all  
29 trade disputes surrounding large civil aircraft.

30 (4) The legislature further finds that the people of Washington  
31 benefit from the presence of the aerospace industry in Washington  
32 state. The industry provides good wages and benefits for thousands of

1 engineers, technicians, mechanics, and support staff working across  
2 the state. Furthermore, the legislature has a goal of preserving and  
3 growing employment in Washington state. The legislature intends that  
4 the future consideration of all tax measures will work to achieve  
5 this goal in a manner compliant with the world trade organization.

6 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04  
7 RCW to read as follows:

8 The rate of 0.357 percent authorized pursuant to RCW  
9 82.04.260(11)(e) may be imposed only if the following conditions are  
10 met:

11 (1) The department of commerce verifies with the United States  
12 trade representative that the United States and the European Union  
13 have entered into a written agreement that resolves any world trade  
14 organization disputes involving large civil aircraft.

15 (2) Such agreement expressly allows a business and occupation tax  
16 rate reduction for commercial airplane manufacturers to 0.357 percent  
17 or less.

18 (3) The department of commerce notifies the department in writing  
19 that the conditions of subsections (1) and (2) of this section are  
20 met and provides a copy of the agreement between the United States  
21 and the European Union or other document providing for the business  
22 and occupation tax rate reduction to the department.

23 (4) The department of labor and industries notifies the  
24 department in writing that a significant commercial airplane  
25 manufacturer has at least a three-tenths of one percent aerospace  
26 apprenticeship utilization rate of its qualified apprenticeable  
27 workforce in Washington, as defined in section 4 of this act.

28 (5) Within thirty days of receiving the last of the written  
29 notices described in subsections (3) and (4) of this section, the  
30 department must provide written notice to the chief clerk of the  
31 house of representatives, the secretary of the senate, the office of  
32 the code reviser, and others as deemed appropriate by the department,  
33 that the tax rates in RCW 82.04.260(11)(e) are reduced to 0.357  
34 percent and the effective date of the rate reduction.

35 (6) Any rate reduction to 0.357 percent pursuant to this section  
36 and RCW 82.04.260(11)(e) must occur on the first day of the next  
37 calendar quarter that is at least sixty days after the department  
38 receives the last of the written notices described in subsections (3)  
39 and (4) of this section.

1           (7) For the purpose of this section, "world trade organization  
2 disputes involving large civil airplanes" means any disputes filed by  
3 the United States or the European Union prior to the effective date  
4 of this section that involve either allegations of subsidies to large  
5 civil airplanes, or allegations of taxes imposed by Washington on  
6 commercial airplanes, or both."

EFFECT: Updates intent language. Clarifies that the snap-back business and occupation (B&O) tax rate of 0.357 percent applies only if the agreement between the United States and the European Union allows for a B&O tax rate of 0.357 percent or lower. Clarifies that a copy of the agreement between the United States and the European Union, or another document, that contains the business and occupation tax rate reduction will be sent to the Department of Revenue by the Department of Commerce.

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