

SB 6690 - S AMD TO S AMD (S-7654.1/20) **1371**
By Senator Ericksen

OUT OF ORDER 03/10/2020

1 Beginning on page 1, line 3, strike all of sections 1 through 6
2 and insert the following:

3 **"Sec. 1.** RCW 82.04.240 and 2004 c 24 s 4 are each amended to
4 read as follows:

5 (1) Upon every person engaging within this state in business as
6 a manufacturer or processor for hire, except persons taxable as
7 manufacturers or processors for hire under other provisions of this
8 chapter((; as to such persons the amount of the tax with respect to
9 such business shall be equal to the value of the products, including
10 byproducts, manufactured, multiplied by the rate of 0.484 percent.

11 The measure of the tax)), and every manufacturer engaging within
12 the state in the business of making sales, at retail or wholesale, of
13 products manufactured by the manufacturer, as to such persons the
14 amount of tax with respect to such business is equal to the taxable
15 amount under this section multiplied by the rate of 0.357 percent.

16 (2) The measure of the tax on engaging in the business of:

17 (a) Manufacturing is the value of the products, including
18 byproducts, so manufactured regardless of the place of sale or the
19 fact that deliveries may be made to points outside the state;

20 (b) Retailing and wholesaling products manufactured by the
21 manufacturer is the gross proceeds of the sales; and

22 (c) Processing for hire is the total charges made for those
23 services.

24 **Sec. 2.** RCW 82.04.240 and 2017 3rd sp.s. c 37 s 518 are each
25 amended to read as follows:

26 (1) Upon every person engaging within this state in business as a
27 manufacturer or processor for hire, except persons taxable as
28 manufacturers or processors for hire under other provisions of this
29 chapter((; as to such persons the amount of the tax with respect to
30 such business is equal to the value of the products, including
31 byproducts, manufactured, multiplied by the rate of 0.484 percent)) ,

1 and every manufacturer engaging within the state in the business of
2 making sales, at retail or wholesale, of products manufactured by the
3 manufacturer, as to such persons to the amount of tax with respect to
4 such business is equal to the taxable amount under this section
5 multiplied by the rate of 0.357 percent.

6 (2) (a) Upon every person engaging within this state in the
7 business of manufacturing semiconductor materials, as to such persons
8 the amount of tax with respect to such business is, in the case of
9 manufacturers, equal to the value of the product manufactured, or, in
10 the case of processors for hire, equal to the gross income of the
11 business, multiplied by the rate of 0.275 percent. For the purposes
12 of this subsection "semiconductor materials" means silicon crystals,
13 silicon ingots, raw polished semiconductor wafers, compound
14 semiconductors, integrated circuits, and microchips.

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

18 (3) The measure of the tax on engaging in the business of:

19 (a) Manufacturing is the value of the products, including
20 byproducts, so manufactured regardless of the place of sale or the
21 fact that deliveries may be made to points outside the state;

22 (b) Retailing and wholesaling products manufactured by the
23 manufacturer is the gross proceeds of the sales; and

24 (c) Processing for hire is the total charges made for those
25 services.

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

28 **Sec. 3.** RCW 82.04.260 and 2019 c 425 s 1 and 2019 c 336 s 4 are
29 each reenacted and amended to read as follows:

30 (1) Upon every person engaging within this state in the business
31 of manufacturing:

32 (a) Wheat into flour, barley into pearl barley, soybeans into
33 soybean oil, canola into canola oil, canola meal, or canola by-
34 products, or sunflower seeds into sunflower oil; as to such persons
35 the amount of tax with respect to such business is equal to the value
36 of the flour, pearl barley, oil, canola meal, or canola by-product
37 manufactured, multiplied by the rate of 0.138 percent;

38 (b) Beginning July 1, 2025, seafood products that remain in a
39 raw, raw frozen, or raw salted state at the completion of the

1 manufacturing by that person; or selling manufactured seafood
2 products that remain in a raw, raw frozen, or raw salted state at the
3 completion of the manufacturing, to purchasers who transport in the
4 ordinary course of business the goods out of this state; as to such
5 persons the amount of tax with respect to such business is equal to
6 the value of the products manufactured or the gross proceeds derived
7 from such sales, multiplied by the rate of 0.138 percent. Sellers
8 must keep and preserve records for the period required by RCW
9 82.32.070 establishing that the goods were transported by the
10 purchaser in the ordinary course of business out of this state;

11 (c)(i) Except as provided otherwise in (c)(iii) of this
12 subsection, from July 1, 2025, until January 1, 2036, dairy products;
13 or selling dairy products that the person has manufactured to
14 purchasers who either transport in the ordinary course of business
15 the goods out of state or purchasers who use such dairy products as
16 an ingredient or component in the manufacturing of a dairy product;
17 as to such persons the tax imposed is equal to the value of the
18 products manufactured or the gross proceeds derived from such sales
19 multiplied by the rate of 0.138 percent. Sellers must keep and
20 preserve records for the period required by RCW 82.32.070
21 establishing that the goods were transported by the purchaser in the
22 ordinary course of business out of this state or sold to a
23 manufacturer for use as an ingredient or component in the
24 manufacturing of a dairy product.

25 (ii) For the purposes of this subsection (1)(c), "dairy products"
26 means:

27 (A) Products, not including any marijuana-infused product, that
28 as of September 20, 2001, are identified in 21 C.F.R., chapter 1,
29 parts 131, 133, and 135, including by-products from the manufacturing
30 of the dairy products, such as whey and casein; and

31 (B) Products comprised of not less than seventy percent dairy
32 products that qualify under (c)(ii)(A) of this subsection, measured
33 by weight or volume.

34 (iii) The preferential tax rate provided to taxpayers under this
35 subsection (1)(c) does not apply to sales of dairy products on or
36 after July 1, 2023, where a dairy product is used by the purchaser as
37 an ingredient or component in the manufacturing in Washington of a
38 dairy product;

39 (d)(i) Beginning July 1, 2025, fruits or vegetables by canning,
40 preserving, freezing, processing, or dehydrating fresh fruits or

1 vegetables, or selling at wholesale fruits or vegetables manufactured
2 by the seller by canning, preserving, freezing, processing, or
3 dehydrating fresh fruits or vegetables and sold to purchasers who
4 transport in the ordinary course of business the goods out of this
5 state; as to such persons the amount of tax with respect to such
6 business is equal to the value of the products manufactured or the
7 gross proceeds derived from such sales multiplied by the rate of
8 0.138 percent. Sellers must keep and preserve records for the period
9 required by RCW 82.32.070 establishing that the goods were
10 transported by the purchaser in the ordinary course of business out
11 of this state.

12 (ii) For purposes of this subsection (1)(d), "fruits" and
13 "vegetables" do not include marijuana, useable marijuana, or
14 marijuana-infused products; and

15 (e) Wood biomass fuel; as to such persons the amount of tax with
16 respect to the business is equal to the value of wood biomass fuel
17 manufactured, multiplied by the rate of 0.138 percent. For the
18 purposes of this section, "wood biomass fuel" means a liquid or
19 gaseous fuel that is produced from lignocellulosic feedstocks,
20 including wood, forest, or field residue and dedicated energy crops,
21 and that does not include wood treated with chemical preservations
22 such as creosote, pentachlorophenol, or copper-chrome-arsenic.

23 (2) Upon every person engaging within this state in the business
24 of splitting or processing dried peas; as to such persons the amount
25 of tax with respect to such business is equal to the value of the
26 peas split or processed, multiplied by the rate of 0.138 percent.

27 (3) Upon every nonprofit corporation and nonprofit association
28 engaging within this state in research and development, as to such
29 corporations and associations, the amount of tax with respect to such
30 activities is equal to the gross income derived from such activities
31 multiplied by the rate of 0.484 percent.

32 (4) Upon every person engaging within this state in the business
33 of slaughtering, breaking and/or processing perishable meat products
34 and/or selling the same at wholesale only and not at retail; as to
35 such persons the tax imposed is equal to the gross proceeds derived
36 from such sales multiplied by the rate of 0.138 percent.

37 (5)(a) Upon every person engaging within this state in the
38 business of acting as a travel agent or tour operator and whose
39 annual taxable amount for the prior calendar year was two hundred
40 fifty thousand dollars or less; as to such persons the amount of the

1 tax with respect to such activities is equal to the gross income
2 derived from such activities multiplied by the rate of 0.275 percent.

3 (b) Upon every person engaging within this state in the business
4 of acting as a travel agent or tour operator and whose annual taxable
5 amount for the calendar year was more than two hundred fifty thousand
6 dollars; as to such persons the amount of the tax with respect to
7 such activities is equal to the gross income derived from such
8 activities multiplied by the rate of 0.275 percent through June 30,
9 2019, and 0.9 percent beginning July 1, 2019.

10 (6) Upon every person engaging within this state in business as
11 an international steamship agent, international customs house broker,
12 international freight forwarder, vessel and/or cargo charter broker
13 in foreign commerce, and/or international air cargo agent; as to such
14 persons the amount of the tax with respect to only international
15 activities is equal to the gross income derived from such activities
16 multiplied by the rate of 0.275 percent.

17 (7) Upon every person engaging within this state in the business
18 of stevedoring and associated activities pertinent to the movement of
19 goods and commodities in waterborne interstate or foreign commerce;
20 as to such persons the amount of tax with respect to such business is
21 equal to the gross proceeds derived from such activities multiplied
22 by the rate of 0.275 percent. Persons subject to taxation under this
23 subsection are exempt from payment of taxes imposed by chapter 82.16
24 RCW for that portion of their business subject to taxation under this
25 subsection. Stevedoring and associated activities pertinent to the
26 conduct of goods and commodities in waterborne interstate or foreign
27 commerce are defined as all activities of a labor, service or
28 transportation nature whereby cargo may be loaded or unloaded to or
29 from vessels or barges, passing over, onto or under a wharf, pier, or
30 similar structure; cargo may be moved to a warehouse or similar
31 holding or storage yard or area to await further movement in import
32 or export or may move to a consolidation freight station and be
33 stuffed, unstuffed, containerized, separated or otherwise segregated
34 or aggregated for delivery or loaded on any mode of transportation
35 for delivery to its consignee. Specific activities included in this
36 definition are: Wharfage, handling, loading, unloading, moving of
37 cargo to a convenient place of delivery to the consignee or a
38 convenient place for further movement to export mode; documentation
39 services in connection with the receipt, delivery, checking, care,
40 custody and control of cargo required in the transfer of cargo;

1 imported automobile handling prior to delivery to consignee; terminal
2 stevedoring and incidental vessel services, including but not limited
3 to plugging and unplugging refrigerator service to containers,
4 trailers, and other refrigerated cargo receptacles, and securing ship
5 hatch covers.

6 (8) (a) Upon every person engaging within this state in the
7 business of disposing of low-level waste, as defined in RCW
8 43.145.010; as to such persons the amount of the tax with respect to
9 such business is equal to the gross income of the business, excluding
10 any fees imposed under chapter 43.200 RCW, multiplied by the rate of
11 3.3 percent.

12 (b) If the gross income of the taxpayer is attributable to
13 activities both within and without this state, the gross income
14 attributable to this state must be determined in accordance with the
15 methods of apportionment required under RCW 82.04.460.

16 (9) Upon every person engaging within this state as an insurance
17 producer or title insurance agent licensed under chapter 48.17 RCW or
18 a surplus line broker licensed under chapter 48.15 RCW; as to such
19 persons, the amount of the tax with respect to such licensed
20 activities is equal to the gross income of such business multiplied
21 by the rate of 0.484 percent.

22 (10) Upon every person engaging within this state in business as
23 a hospital, as defined in chapter 70.41 RCW, that is operated as a
24 nonprofit corporation or by the state or any of its political
25 subdivisions, as to such persons, the amount of tax with respect to
26 such activities is equal to the gross income of the business
27 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5
28 percent thereafter.

29 (11) (a) Beginning (~~(October 1, 2005)~~) July 1, 2020, upon every
30 person engaging within this state in the business of manufacturing
31 commercial airplanes, or components of such airplanes, or making
32 sales, at retail or wholesale, of commercial airplanes or components
33 of such airplanes, manufactured by the seller, as to such persons the
34 amount of tax with respect to such business is, in the case of
35 manufacturers, equal to the value of the product manufactured and the
36 gross proceeds of sales of the product manufactured, or in the case
37 of processors for hire, equal to the gross income of the business,
38 multiplied by the rate of (~~(~~

39 ~~(i) 0.4235 percent from October 1, 2005, through June 30, 2007;~~
40 ~~and~~

1 ~~(ii) 0.2904 percent beginning July 1, 2007))~~ 0.357 percent.

2 (b) Beginning July 1, 2008, upon every person who is not eligible
3 to report under the provisions of (a) of this subsection (11) and is
4 engaging within this state in the business of manufacturing tooling
5 specifically designed for use in manufacturing commercial airplanes
6 or components of such airplanes, or making sales, at retail or
7 wholesale, of such tooling manufactured by the seller, as to such
8 persons the amount of tax with respect to such business is, in the
9 case of manufacturers, equal to the value of the product manufactured
10 and the gross proceeds of sales of the product manufactured, or in
11 the case of processors for hire, be equal to the gross income of the
12 business, multiplied by the rate of 0.2904 percent.

13 (c) For the purposes of this subsection (11), "commercial
14 airplane" and "component" have the same meanings as provided in RCW
15 82.32.550.

16 (d) In addition to all other requirements under this title, a
17 person reporting under the tax rate provided in this subsection (11)
18 must file a complete annual tax performance report with the
19 department under RCW 82.32.534.

20 (e) ~~((i) Except as provided in (e) (ii) of this subsection (11),)~~
21 The rate under (a) of this subsection (11) does not apply on and
22 after July 1, 2040.

23 ~~((ii))~~ (f) With respect to the manufacturing of commercial
24 airplanes or making sales, at retail or wholesale, of commercial
25 airplanes, this subsection (11) does not apply on and after July 1st
26 of the year in which the department makes a determination that any
27 final assembly or wing assembly of any new version or new variant of
28 a commercial airplane that is the basis of a siting of a significant
29 commercial airplane manufacturing program in the state under RCW
30 82.32.850 has been sited outside the state of Washington. ~~((This
31 subsection (11) (e) (ii) only applies to the manufacturing or sale of
32 commercial airplanes that are the basis of a siting of a significant
33 commercial airplane manufacturing program in the state under RCW
34 82.32.850.))~~

35 (12) (a) Until July 1, 2045, upon every person engaging within
36 this state in the business of extracting timber or extracting for
37 hire timber; as to such persons the amount of tax with respect to the
38 business is, in the case of extractors, equal to the value of
39 products, including by-products, extracted, or in the case of
40 extractors for hire, equal to the gross income of the business,

1 multiplied by the rate of 0.4235 percent from July 1, 2006, through
2 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
3 2045.

4 (b) Until July 1, 2045, upon every person engaging within this
5 state in the business of manufacturing or processing for hire: (i)
6 Timber into timber products or wood products; (ii) timber products
7 into other timber products or wood products; or (iii) products
8 defined in RCW 19.27.570(1); as to such persons the amount of the tax
9 with respect to the business is, in the case of manufacturers, equal
10 to the value of products, including by-products, manufactured, or in
11 the case of processors for hire, equal to the gross income of the
12 business, multiplied by the rate of 0.4235 percent from July 1, 2006,
13 through June 30, 2007, and 0.2904 percent from July 1, 2007, through
14 June 30, 2045.

15 (c) Until July 1, 2045, upon every person engaging within this
16 state in the business of selling at wholesale: (i) Timber extracted
17 by that person; (ii) timber products manufactured by that person from
18 timber or other timber products; (iii) wood products manufactured by
19 that person from timber or timber products; or (iv) products defined
20 in RCW 19.27.570(1) manufactured by that person(~~(+;+)~~); as to such
21 persons the amount of the tax with respect to the business is equal
22 to the gross proceeds of sales of the timber, timber products, wood
23 products, or products defined in RCW 19.27.570(1) multiplied by the
24 rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and
25 0.2904 percent from July 1, 2007, through June 30, 2045.

26 (d) Until July 1, 2045, upon every person engaging within this
27 state in the business of selling standing timber; as to such persons
28 the amount of the tax with respect to the business is equal to the
29 gross income of the business multiplied by the rate of 0.2904
30 percent. For purposes of this subsection (12)(d), "selling standing
31 timber" means the sale of timber apart from the land, where the buyer
32 is required to sever the timber within thirty months from the date of
33 the original contract, regardless of the method of payment for the
34 timber and whether title to the timber transfers before, upon, or
35 after severance.

36 (e) For purposes of this subsection, the following definitions
37 apply:

38 (i) "Biocomposite surface products" means surface material
39 products containing, by weight or volume, more than fifty percent

1 recycled paper and that also use nonpetroleum-based phenolic resin as
2 a bonding agent.

3 (ii) "Paper and paper products" means products made of interwoven
4 cellulosic fibers held together largely by hydrogen bonding. "Paper
5 and paper products" includes newsprint; office, printing, fine, and
6 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
7 kraft bag, construction, and other kraft industrial papers;
8 paperboard, liquid packaging containers, containerboard, corrugated,
9 and solid-fiber containers including linerboard and corrugated
10 medium; and related types of cellulosic products containing
11 primarily, by weight or volume, cellulosic materials. "Paper and
12 paper products" does not include books, newspapers, magazines,
13 periodicals, and other printed publications, advertising materials,
14 calendars, and similar types of printed materials.

15 (iii) "Recycled paper" means paper and paper products having
16 fifty percent or more of their fiber content that comes from
17 postconsumer waste. For purposes of this subsection (12)(e)(iii),
18 "postconsumer waste" means a finished material that would normally be
19 disposed of as solid waste, having completed its life cycle as a
20 consumer item.

21 (iv) "Timber" means forest trees, standing or down, on privately
22 or publicly owned land. "Timber" does not include Christmas trees
23 that are cultivated by agricultural methods or short-rotation
24 hardwoods as defined in RCW 84.33.035.

25 (v) "Timber products" means:

26 (A) Logs, wood chips, sawdust, wood waste, and similar products
27 obtained wholly from the processing of timber, short-rotation
28 hardwoods as defined in RCW 84.33.035, or both;

29 (B) Pulp, including market pulp and pulp derived from recovered
30 paper or paper products; and

31 (C) Recycled paper, but only when used in the manufacture of
32 biocomposite surface products.

33 (vi) "Wood products" means paper and paper products; dimensional
34 lumber; engineered wood products such as particleboard, oriented
35 strand board, medium density fiberboard, and plywood; wood doors;
36 wood windows; and biocomposite surface products.

37 (f) Except for small harvesters as defined in RCW 84.33.035, a
38 person reporting under the tax rate provided in this subsection (12)
39 must file a complete annual tax performance report with the
40 department under RCW 82.32.534.

1 (g) Nothing in this subsection (12) may be construed to affect
2 the taxation of any activity defined as a retail sale in RCW
3 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW
4 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

5 (13) Upon every person engaging within this state in inspecting,
6 testing, labeling, and storing canned salmon owned by another person,
7 as to such persons, the amount of tax with respect to such activities
8 is equal to the gross income derived from such activities multiplied
9 by the rate of 0.484 percent.

10 (14)(a) Upon every person engaging within this state in the
11 business of printing a newspaper, publishing a newspaper, or both,
12 the amount of tax on such business is equal to the gross income of
13 the business multiplied by the rate of 0.35 percent until July 1,
14 2024, and 0.484 percent thereafter.

15 (b) A person reporting under the tax rate provided in this
16 subsection (14) must file a complete annual tax performance report
17 with the department under RCW 82.32.534.

18 **Sec. 4.** RCW 82.04.280 and 2019 c 449 s 1 are each amended to
19 read as follows:

20 (1) Upon every person engaging within this state in the business
21 of: (a) Printing materials other than newspapers, and of publishing
22 periodicals or magazines; (b) building, repairing or improving any
23 street, place, road, highway, easement, right-of-way, mass public
24 transportation terminal or parking facility, bridge, tunnel, or
25 trestle which is owned by a municipal corporation or political
26 subdivision of the state or by the United States and which is used or
27 to be used, primarily for foot or vehicular traffic including mass
28 transportation vehicles of any kind and including any readjustment,
29 reconstruction or relocation of the facilities of any public, private
30 or cooperatively owned utility or railroad in the course of such
31 building, repairing or improving, the cost of which readjustment,
32 reconstruction, or relocation, is the responsibility of the public
33 authority whose street, place, road, highway, easement, right-of-way,
34 mass public transportation terminal or parking facility, bridge,
35 tunnel, or trestle is being built, repaired or improved; (c)
36 extracting for hire (~~(or processing for hire)~~), except persons
37 taxable as extractors for hire (~~(or processors for hire)~~) under
38 another section of this chapter; (d) operating a cold storage
39 warehouse or storage warehouse, but not including the rental of cold

1 storage lockers; (e) representing and performing services for fire or
2 casualty insurance companies as an independent resident managing
3 general agent licensed under the provisions of chapter 48.17 RCW; (f)
4 radio and television broadcasting, but excluding revenues from
5 network, national, and regional advertising computed either: (i) As a
6 standard deduction that the department must publish by rule by
7 September 30, 2020, and by September 30th of every fifth year
8 thereafter, based on the national average thereof as reported by the
9 United States census bureau's economic census; or (ii) in lieu
10 thereof by itemization by the individual broadcasting station, and
11 excluding that portion of revenue represented by the out-of-state
12 audience computed as a ratio to the broadcasting station's total
13 audience as measured by the .5 millivolt/meter signal strength
14 contour for AM radio, the one millivolt/meter or sixty dBu signal
15 strength contour for FM radio, the twenty-eight dBu signal strength
16 contour for television channels two through six, the thirty-six dBu
17 signal strength contour for television channels seven through
18 thirteen, and the forty-one dBu signal strength contour for
19 television channels fourteen through sixty-nine with delivery by
20 wire, satellite, or any other means, if any; (g) engaging in
21 activities which bring a person within the definition of consumer
22 contained in RCW 82.04.190(6); as to such persons, the amount of tax
23 on such business is equal to the gross income of the business
24 multiplied by the rate of 0.484 percent.

25 (2) For the purposes of this section, the following definitions
26 apply unless the context clearly requires otherwise.

27 (a) "Cold storage warehouse" means a storage warehouse used to
28 store fresh and/or frozen perishable fruits or vegetables, meat,
29 seafood, dairy products, or fowl, or any combination thereof, at a
30 desired temperature to maintain the quality of the product for
31 orderly marketing.

32 (b) "Storage warehouse" means a building or structure, or any
33 part thereof, in which goods, wares, or merchandise are received for
34 storage for compensation, except field warehouses, fruit warehouses,
35 fruit packing plants, warehouses licensed under chapter 22.09 RCW,
36 public garages storing automobiles, railroad freight sheds, docks and
37 wharves, and "self-storage" or "mini storage" facilities whereby
38 customers have direct access to individual storage areas by separate
39 entrance. "Storage warehouse" does not include a building or

1 structure, or that part of such building or structure, in which an
2 activity taxable under RCW 82.04.272 is conducted.

3 (c) "Periodical or magazine" means a printed publication, other
4 than a newspaper, issued regularly at stated intervals at least once
5 every three months, including any supplement or special edition of
6 the publication.

7 **Sec. 5.** RCW 82.32.850 and 2013 3rd sp.s. c 2 s 2 are each
8 amended to read as follows:

9 (1) (~~Chapter 2, Laws of 2013 3rd sp. sess.~~) The rate under RCW
10 82.04.260(11)(a) takes effect contingent upon the siting of a
11 significant commercial airplane manufacturing program in the state of
12 Washington. (~~If a significant commercial airplane manufacturing~~
13 ~~program is not sited in the state of Washington by June 30, 2017,~~
14 ~~chapter 2, Laws of 2013 3rd sp. sess. does not take effect.~~)

15 (2) The definitions in this subsection apply throughout this
16 section unless the context clearly requires otherwise.

17 (a) "Commercial airplane" has the same meaning provided in RCW
18 82.32.550.

19 (b) "New model, or any version or variant of an existing model,
20 of a commercial airplane" means a commercial airplane manufactured
21 with a carbon fiber composite fuselage or carbon fiber composite
22 wings or both.

23 (c) "Significant commercial airplane manufacturing program" means
24 an airplane program in which the following products, including final
25 assembly, will commence manufacture at a new or existing location
26 within Washington state on or after (~~July 9, 2014~~) July 1, 2020:

27 (i) The new model, or any new version or new variant of an
28 existing model, of a commercial airplane; and

29 (ii) Fuselages and wings of a new model, or any new version or
30 new variant of an existing model, of a commercial airplane.

31 (d) "Siting" means a final decision, made on or after (~~November~~
32 ~~1, 2013~~) July 1, 2020, by a manufacturer to locate a significant
33 commercial airplane manufacturing program in Washington state.

34 (3) The department must make a determination regarding whether
35 the contingency in subsection (1) of this section occurs and must
36 provide written notice of the date on which such contingency occurs
37 and (~~chapter 2, Laws of 2013 3rd sp. sess.~~) the rate under RCW
38 82.04.260(11)(a) takes effect. (~~If the department determines that~~
39 ~~the contingency in subsection (1) of this section has not occurred by~~

1 ~~June 30, 2017, the department must provide written notice stating~~
2 ~~that chapter 2, Laws of 2013 3rd sp. sess. does not take effect.))~~
3 Written notice under this subsection (3) must be provided to affected
4 parties, the chief clerk of the house of representatives, the
5 secretary of the senate, the office of the code reviser, and others
6 as deemed appropriate by the department.

7 **Sec. 6.** RCW 82.32.790 and 2019 c 449 s 2 are each amended to
8 read as follows:

9 (1)(a) Section 2, chapter . . ., Laws of 2020 (section 2 of this
10 act), section 1, chapter 449, Laws of 2019, sections 510, 512, 514,
11 516, 518, 520, 522, and 524, chapter 37, Laws of 2017 3rd sp. sess.,
12 sections 9, 13, 17, 22, 24, 30, 32, and 45, chapter 135, Laws of
13 2017, sections 104, 110, 117, 123, 125, 129, 131, and 150, chapter
14 114, Laws of 2010, and sections 1, 2, 3, and 5 through 10, chapter
15 149, Laws of 2003 are contingent upon the siting and commercial
16 operation of a significant semiconductor microchip fabrication
17 facility in the state of Washington by January 1, 2024.

18 (b) For the purposes of this section:

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

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

23 (iii) "Significant" means the combined investment of new
24 buildings and new machinery and equipment in the buildings, at the
25 commencement of commercial production, will be at least one billion
26 dollars.

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

32 (3)(a) The department of revenue must provide notice of the
33 effective date of the sections referenced in subsection (1) of this
34 section to affected taxpayers, the legislature, and others as deemed
35 appropriate by the department.

36 (b) If, after making a determination that a contract has been
37 signed and the sections referenced in subsection (1) of this section
38 are effective, the department discovers that commencement of
39 commercial production did not take place within three years of the

1 date the contract was signed, the department must make a
2 determination that chapter 149, Laws of 2003 is no longer effective,
3 and all taxes that would have been otherwise due are deemed deferred
4 taxes and are immediately assessed and payable from any person
5 reporting tax under RCW 82.04.240(2) or claiming an exemption or
6 credit under RCW 82.04.426, 82.04.448, 82.08.965, 82.12.965,
7 82.08.970, 82.12.970, or 84.36.645. The department is not authorized
8 to make a second determination regarding the effective date of the
9 sections referenced in subsection (1) of this section.

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

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

17 NEW SECTION. **Sec. 7.** The provisions of RCW 82.32.805 and
18 82.32.808 do not apply to this act.

19 NEW SECTION. **Sec. 8.** Except for section 2 of this act, this act
20 takes effect July 1, 2020."

SB 6690 - S AMD TO S AMD (S-7654.1/20) **1371**
By Senator Ericksen

OUT OF ORDER 03/10/2020

21 Beginning on page 14, line 32, after "line" strike all material
22 through "emergency" on page 15, line 3, and insert "1 of the title,
23 after "Relating to" strike the remainder of the title and insert
24 "business and occupation tax fairness for Washington manufacturers;
25 amending RCW 82.04.240, 82.04.240, 82.04.280, 82.32.850, and
26 82.32.790; reenacting and amending RCW 82.04.260; creating a new
27 section; providing an effective date; and providing a contingent
28 effective date"

EFFECT: Lowers the B&O tax rate for all manufacturers to the preferential rate that would otherwise be applicable to the aerospace industry.

--- **END** ---