
HOUSE BILL 2532

State of Washington

66th Legislature

2020 Regular Session

By Representatives Sullivan, Doglio, Goodman, and Ormsby

Read first time 01/15/20. Referred to Committee on Finance.

1 AN ACT Relating to ensuring funding for the workforce education
2 investment act so that students can achieve their dreams of
3 continuing education through modification of the workforce education
4 investment surcharge; amending RCW 28C.18.200, 43.79.195, 82.04.290,
5 and 82.04.299; creating new sections; and declaring an emergency.

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

7 **Sec. 1.** RCW 28C.18.200 and 2019 c 406 s 3 are each amended to
8 read as follows:

9 (1) The workforce education investment accountability and
10 oversight board is established. The board consists of seventeen
11 members, as provided in this subsection:

12 (a) Four members of the legislature consisting of the chairs and
13 ranking minority members of the respective higher education and
14 workforce development committees of the senate and house of
15 representatives, ex officio; and

16 (b) The following members appointed by the governor with the
17 consent of the senate:

18 (i) Five members representing the businesses described in RCW
19 82.04.299 or who are subject to the tax rate under RCW
20 82.04.290(2)(a)(i);

1 (ii) Two members representing labor organizations, one of which
2 must have expertise in registered apprenticeships and training a
3 high-demand workforce and one of which must represent faculty at the
4 four-year institutions of higher education;

5 (iii) Two members representing the institutions of higher
6 education, as defined in RCW 28B.10.016, one of which must be from
7 the four-year sector and one of which must be from the community and
8 technical college sector;

9 (iv) Two members representing students, one of which must be a
10 community and technical college student;

11 (v) One member representing the independent, not-for-profit
12 higher education institutions; and

13 (vi) One member representing the student achievement council,
14 established under chapter 28B.77 RCW.

15 (2) Except for ex officio and student members, board members
16 shall hold their offices for a term of three years until their
17 successors are appointed. Student board members shall hold one-year
18 terms.

19 (3) The board shall have two cochairs. One cochair shall be one
20 of the chairs of the respective higher education and workforce
21 development committees of the legislature and the other cochair shall
22 be one of the board members representing the businesses described in
23 RCW 82.04.299 or who are subject to the tax rate under RCW
24 82.04.290(2)(a)(i). The cochairs shall hold the position for a one-
25 year term. The board members shall elect the cochairs annually.

26 (4) Nine voting members of the board constitute a quorum for the
27 transaction of business. The board shall meet four times a year.

28 (5) Staff support for the board shall be provided by the
29 workforce training and education coordinating board established in
30 this chapter (~~28C.18 RCW~~).

31 (6) The purposes of the board are to:

32 (a) Provide guidance and recommendations to the legislature on
33 what workforce education priorities should be funded with the
34 workforce education investment account; and

35 (b) Ensure accountability that the workforce education
36 investments funded with the workforce education investment account
37 are producing the intended results and are effectively increasing
38 student success and career readiness, such as by increasing
39 retention, completion, and job placement rates.

1 (7) The board shall consult data from the education data center
2 established under RCW 43.41.400 and the workforce training and
3 education coordinating board established under this chapter (~~28C.18~~
4 ~~RCW~~) when reviewing and determining whether workforce education
5 investments funded from the workforce education investment account
6 are effectively increasing student success and career readiness.

7 (8) The board shall report its recommendations to the appropriate
8 committees of the legislature by August 1st of each year.

9 (9) For the purposes of this section, "board" refers to the
10 workforce education investment accountability and oversight board
11 established in this section.

12 **Sec. 2.** RCW 43.79.195 and 2019 c 406 s 2 are each amended to
13 read as follows:

14 (1) The workforce education investment account is created in the
15 state treasury. All revenues from the workforce investment
16 surcharge(~~s~~) created in RCW 82.04.299 and those revenues as
17 specified under RCW 82.04.290(2) must be deposited directly into the
18 account. Moneys in the account may be spent only after appropriation.
19 Expenditures from the account may be used only for higher education
20 programs, higher education operations, higher education compensation,
21 and state-funded student aid programs. For the 2019-2021 biennium,
22 expenditures from the account may be used for kindergarten through
23 twelfth grade if used for career connected learning as provided for
24 in chapter 406, Laws of 2019.

25 (2) Expenditures from the workforce education investment account
26 must be used to supplement, not supplant, other federal, state, and
27 local funding for higher education.

28 **Sec. 3.** RCW 82.04.290 and 2019 c 426 s 2 are each amended to
29 read as follows:

30 (1) Upon every person engaging within this state in the business
31 of providing qualifying international investment management services,
32 as to such persons, the amount of tax with respect to such business
33 is equal to the gross income or gross proceeds of sales of the
34 business multiplied by a rate of 0.275 percent.

35 (2)(a) Upon every person engaging within this state in any
36 business activity other than or in addition to an activity taxed
37 explicitly under another section in this chapter or subsection (1) or
38 (3) of this section; as to such persons the amount of tax on account

1 of such activities is equal to the gross income of the business
2 multiplied by the rate of:

3 (i) 1.75 percent; or

4 (ii) 1.5 percent for persons:

5 (A) Subject to the additional tax imposed under RCW 82.04.299;

6 (B) Who are defined as hospitals under RCW 70.41.020, including
7 any hospital that comes within the scope of chapter 71.12 RCW if the
8 hospital is also licensed under chapter 70.41 RCW. This subsection
9 (2)(a)(ii)(B) must not be construed as modifying RCW 82.04.260(10);
10 or

11 (C) Whose gross income of the business subject to the tax imposed
12 under this subsection (2) and RCW 82.04.255 and 82.04.260(10), for
13 the immediately preceding calendar year, did not exceed one million
14 dollars, unless (I) the person is affiliated with one or more other
15 persons, and (II) the aggregate gross income of the business subject
16 to the tax imposed under this subsection (2), for all affiliated
17 persons, was greater than one million dollars for the immediately
18 preceding calendar year.

19 (b) This subsection (2) includes, among others, and without
20 limiting the scope hereof (whether or not title to materials used in
21 the performance of such business passes to another by accession,
22 confusion or other than by outright sale), persons engaged in the
23 business of rendering any type of service which does not constitute a
24 "sale at retail" or a "sale at wholesale." The value of advertising,
25 demonstration, and promotional supplies and materials furnished to an
26 agent by his or her principal or supplier to be used for
27 informational, educational, and promotional purposes is not
28 considered a part of the agent's remuneration or commission and is
29 not subject to taxation under this section.

30 (c) Fourteen and three-tenths percent of the revenues collected
31 under (a)(i) of this subsection (2) must be deposited into the
32 workforce education investment account created in RCW 43.79.195.

33 (d)(i) To aid in the effective administration of this subsection
34 (2), the department may require a person claiming to be subject to
35 the 1.5 percent tax rate under (a)(ii) of this subsection (2) to
36 identify all of the person's affiliates, including their department
37 tax registration number or unified business identifier number, as may
38 be applicable, or to certify that the person is not affiliated with
39 any other person. Requests under this subsection (2)(d)(i) must be in
40 writing and may be made electronically.

1 (ii) If the department determines that a person failed to provide
2 the department with complete and accurate information in response to
3 a written request under (d)(i) of this subsection (2) within thirty
4 days of such request, the person is ineligible for the 1.5 percent
5 tax rate in (a)(ii) of this subsection (2) for the entire current
6 calendar year and the preceding four calendar years except for any
7 calendar year prior to 2020. However, the department must waive the
8 provisions of this subsection (2)(d)(ii) for any tax reporting period
9 that the person is otherwise eligible for the 1.5 percent tax rate in
10 (a)(ii) of this subsection (2) if (A) the department has not
11 previously determined that the person failed to fully comply with
12 (d)(i) of this subsection (2), and (B) within thirty days of the
13 notice of additional tax due as a result of the person's failure to
14 fully comply with (d)(i) of this subsection (2) the department
15 determines that the person has come into full compliance with (d)(i)
16 of this subsection (2).

17 (e) For purposes of this subsection (2), the definitions in this
18 subsection (2)(e) apply:

19 (i) "Affiliate" means a person that directly or indirectly,
20 through one or more intermediaries, controls, is controlled by, or is
21 under common control with another person; and

22 (ii) "Control" means the possession, directly or indirectly, of
23 more than eighty percent of the power to direct or cause the
24 direction of the management and policies of a person, whether through
25 the ownership of voting shares, by contract, or otherwise.

26 (3)(a) Until July 1, 2040, upon every person engaging within this
27 state in the business of performing aerospace product development for
28 others, as to such persons, the amount of tax with respect to such
29 business is equal to the gross income of the business multiplied by a
30 rate of 0.9 percent.

31 (b) A person reporting under the tax rate provided in this
32 subsection (3) must file a complete annual report with the department
33 under RCW 82.32.534.

34 (c) "Aerospace product development" has the meaning as provided
35 in RCW 82.04.4461.

36 **Sec. 4.** RCW 82.04.299 and 2019 c 406 s 74 are each amended to
37 read as follows:

1 The legislature intends to secure additional revenue via
2 ((surcharges)) a surcharge targeted towards certain industries
3 including select advanced computing businesses.

4 ~~((The legislature intends the provisions of chapter 406, Laws of
5 2019 to be applied broadly in favor of application of the surcharges.
6 To achieve this intent, any provision within chapter 406, Laws of
7 2019 that is deemed to be ambiguous by a court of competent
8 jurisdiction, the board of tax appeals, or any other judicial or
9 administrative body, should be construed in favor of application of
10 the surcharges. The rule of statutory construction in favor of the
11 application of the surcharge under this paragraph does not apply on
12 or after January 1, 2022.~~

13 ~~(1) (a) Beginning with business activities occurring on or after
14 January 1, 2020, in addition to the taxes imposed under RCW
15 82.04.290(2), a workforce education investment surcharge is imposed
16 on specified persons. The surcharge is equal to the total amount of
17 tax payable by the person on business activities taxed under RCW
18 82.04.290(2), before application of any tax credits, multiplied by
19 the rate of twenty percent.~~

20 ~~(b) For specified persons who report under one or more tax
21 classifications, this surcharge applies only to business activities
22 taxed under RCW 82.04.290(2).~~

23 ~~(c) The surcharge imposed under this subsection (1) must be
24 reported and paid in a manner and frequency as required by the
25 department.~~

26 ~~(2) For the purposes of this section, "specified person" means a
27 person who is not subject to the surcharge under subsection (4) of
28 this section and who is primarily engaged within this state in any
29 combination of the following activities:~~

30 ~~(a) Computer software publishing or publishing and reproduction.
31 Establishments in this industry carry out operations necessary for
32 producing and distributing computer software, such as designing,
33 providing documentation, assisting in installation, and providing
34 support services to software purchasers. These establishments may
35 design, develop, and publish, or publish only. These establishments
36 may publish and distribute software remotely through subscriptions
37 and downloads;~~

38 ~~(b) Conducting original investigation undertaken on a systematic
39 basis to gain new knowledge or the application of research findings
40 or other scientific knowledge for the creation of new or~~

1 significantly improved products or processes. Techniques may include
2 modeling and simulation. The industries within this industry group
3 are defined on the basis of the domain of research and on scientific
4 expertise of the establishment;

5 (c) Putting capital at risk in the process of underwriting
6 securities issues or in making markets for securities and commodities
7 and those acting as agents or brokers between buyers and sellers of
8 securities and commodities, usually charging a commission;

9 (d) Providing expertise in the field of information technologies
10 through one or more of the following activities: (i) Writing,
11 modifying, testing, and supporting computer software to meet the
12 needs of a particular customer; (ii) planning and designing computer
13 systems that integrate computer hardware, computer software, and
14 communication technologies; (iii) on-site management and operation of
15 clients' computer systems and data processing facilities; or (iv)
16 other professional and technical computer-related advice and
17 services;

18 (e) Performing central banking functions, such as issuing
19 currency, managing the nation's money supply and international
20 reserves, holding deposits that represent the reserves of other banks
21 and other central banks, and acting as a fiscal agent for the central
22 government;

23 (f) (i) Purchasing access and network capacity from owners and
24 operators of telecommunications networks and reselling wired and
25 wireless telecommunications services, except satellite, to businesses
26 and households; (ii) providing specialized telecommunications
27 services, such as satellite tracking, communications telemetry, and
28 radar station operation; (iii) providing satellite terminal stations
29 and associated facilities connected with one or more terrestrial
30 systems and capable of transmitting telecommunications to, and
31 receiving telecommunications from, satellite systems; or (iv)
32 providing internet access services or voice over internet protocol
33 services via client-supplied telecommunications connections.
34 Establishments in this industry do not operate as telecommunications
35 carriers. Mobile virtual network operators are included in this
36 industry;

37 (g) (i) Acting as principals in buying or selling financial
38 contracts, except investment bankers, securities dealers, and
39 commodity contracts dealers; (ii) acting as agents or brokers, except
40 securities brokerages and commodity contracts brokerages, in buying

1 ~~or selling financial contracts; or (iii) providing other investment~~
2 ~~services except securities and commodity exchanges, such as portfolio~~
3 ~~management, investment advice, and trust, fiduciary, and custody~~
4 ~~services;~~

5 ~~(h) Supplying information, such as news reports, articles,~~
6 ~~pictures, and features, to the news media. This industry comprises~~
7 ~~establishments primarily engaged in providing library or archive~~
8 ~~services. These establishments are engaged in maintaining collections~~
9 ~~of documents and facilitating the use of these documents as required~~
10 ~~to meet the informational, research, educational, or recreational~~
11 ~~needs of their user. These establishments may also acquire, research,~~
12 ~~store, preserve, and generally make accessible to the public~~
13 ~~historical documents, photographs, maps, audio material, audiovisual~~
14 ~~material, and other archival material of historical interest. All or~~
15 ~~portions of these collections may be accessible electronically. This~~
16 ~~industry comprises establishments engaged in: (i) Publishing and~~
17 ~~broadcasting content on the internet exclusively; or (ii) operating~~
18 ~~web sites that use a search engine to generate and maintain extensive~~
19 ~~databases of internet addresses and content in an easily searchable~~
20 ~~format, known as web search portals. The publishing and broadcasting~~
21 ~~establishments in this industry do not provide traditional versions~~
22 ~~of the content they publish or broadcast. They provide textual,~~
23 ~~audio, or video content of general or specific interest on the~~
24 ~~internet exclusively. Establishments known as web search portals~~
25 ~~often provide additional internet services, such as email,~~
26 ~~connections to other web sites, auctions, news, and other limited~~
27 ~~content, and serve as a home base for internet users. This industry~~
28 ~~comprises establishments primarily engaged in providing other~~
29 ~~information services, except news syndicates, libraries, archives,~~
30 ~~internet publishing and broadcasting, and web search portals;~~

31 ~~(i) Architectural, engineering, and related services, such as~~
32 ~~drafting services, building inspection services, geophysical~~
33 ~~surveying and mapping services, surveying and mapping, except~~
34 ~~geophysical services and testing services;~~

35 ~~(j) Retailing all types of merchandise using nonstore means, such~~
36 ~~as catalogs, toll-free telephone numbers, electronic media, such as~~
37 ~~interactive television or the internet, or selling directly to~~
38 ~~consumers in a nonretail, physical environment. Included in this~~
39 ~~industry are establishments primarily engaged in retailing from~~
40 ~~catalog showrooms of mail-order houses;~~

1 ~~(k) Providing advice and assistance to businesses and other~~
2 ~~organizations on management, environmental, scientific, and technical~~
3 ~~issues;~~

4 ~~(l) Providing infrastructure for hosting or data processing~~
5 ~~services. These establishments may provide specialized hosting~~
6 ~~activities, such as web hosting, streaming services, or application~~
7 ~~hosting, or they may provide general time-share mainframe facilities~~
8 ~~to clients. Data processing establishments provide complete~~
9 ~~processing and specialized reports from data supplied by clients or~~
10 ~~provide automated data processing and data entry services;~~

11 ~~(m) Facilitating credit intermediation by performing activities,~~
12 ~~such as arranging loans by bringing borrowers and lenders together~~
13 ~~and clearing checks and credit card transactions;~~

14 ~~(n) Offering legal services, such as those offered by offices of~~
15 ~~lawyers, offices of notaries, and title abstract and settlement~~
16 ~~offices, and paralegal services;~~

17 ~~(o) Operating or providing access to transmission facilities and~~
18 ~~infrastructure that they own or lease for the transmission of voice,~~
19 ~~data, text, sound, and video using wired telecommunications networks.~~
20 ~~Transmission facilities may be based on a single technology or a~~
21 ~~combination of technologies. Establishments in this industry use the~~
22 ~~wired telecommunications network facilities that they operate to~~
23 ~~provide a variety of services, such as wired telephony services,~~
24 ~~including voice over internet protocol services, wired audio and~~
25 ~~video programming distribution, and wired broadband internet~~
26 ~~services. By exception, establishments providing satellite television~~
27 ~~distribution services using facilities and infrastructure that they~~
28 ~~operate are included in this industry;~~

29 ~~(p) Providing telecommunications services to other establishments~~
30 ~~in the telecommunications and broadcasting industries by forwarding~~
31 ~~and receiving communications signals via a system of satellites or~~
32 ~~reselling satellite telecommunications;~~

33 ~~(q) Operating and maintaining switching and transmission~~
34 ~~facilities to provide communications via the airwaves. Establishments~~
35 ~~in this industry have spectrum licenses and provide services using~~
36 ~~that spectrum, such as cellular phone services, paging services,~~
37 ~~wireless internet access, and wireless video services;~~

38 ~~(r) Extending credit or lending funds raised by credit market~~
39 ~~borrowing, such as issuing commercial paper or other debt instruments~~
40 ~~or by borrowing from other financial intermediaries;~~

1 ~~(s) Underwriting annuities and insurance policies and investing~~
2 ~~premiums to build up a portfolio of financial assets to be used~~
3 ~~against future claims. Direct insurance carriers are establishments~~
4 ~~that are primarily engaged in initially underwriting and assuming the~~
5 ~~risk of annuities and insurance policies. Reinsurance carriers are~~
6 ~~establishments that are primarily engaged in assuming all or part of~~
7 ~~the risk associated with an existing insurance policy originally~~
8 ~~underwritten by another insurance carrier. Industries are defined in~~
9 ~~terms of the type of risk being insured against, such as death, loss~~
10 ~~of employment because of age or disability, or property damage.~~
11 ~~Contributions and premiums are set on the basis of actuarial~~
12 ~~calculations of probable payouts based on risk factors from~~
13 ~~experience tables and expected investment returns on reserves;~~

14 ~~(t) Merchant wholesale distribution of photographic equipment and~~
15 ~~supplies and office, computer, and computer peripheral equipment and~~
16 ~~medical, dental, hospital, ophthalmic, and other commercial and~~
17 ~~professional equipment and supplies;~~

18 ~~(u) Operating studios and facilities for the broadcasting of~~
19 ~~programs on a subscription or fee basis. The broadcast programming is~~
20 ~~typically narrowcast in nature. These establishments produce~~
21 ~~programming in their own facilities or acquire programming from~~
22 ~~external sources. The programming material is usually delivered to a~~
23 ~~third party, such as cable systems or direct-to-home satellite~~
24 ~~systems, for transmission to viewers;~~

25 ~~(v) Publishing newspapers, magazines, other periodicals, books,~~
26 ~~directories and mailing lists, and other works, such as calendars,~~
27 ~~greeting cards, and maps. These works are characterized by the~~
28 ~~intellectual creativity required in their development and are usually~~
29 ~~protected by copyright. Publishers distribute or arrange for the~~
30 ~~distribution of these works. Publishing establishments may create the~~
31 ~~works in-house, or contract for, purchase, or compile works that were~~
32 ~~originally created by others. These works may be published in one or~~
33 ~~more formats, such as print or electronic form, including proprietary~~
34 ~~electronic networks. Establishments in this industry may print,~~
35 ~~reproduce, or offer direct access to the works themselves or may~~
36 ~~arrange with others to carry out such functions. Establishments that~~
37 ~~both print and publish may fill excess capacity with commercial or~~
38 ~~job printing. However, the publishing activity is still considered to~~
39 ~~be the primary activity of these establishments;~~

1 ~~(w) Generating, transmitting, or distributing electric power.~~
2 ~~Establishments in this industry group may perform one or more of the~~
3 ~~following activities: (i) Operate generation facilities that produce~~
4 ~~electric energy; (ii) operate transmission systems that convey the~~
5 ~~electricity from the generation facility to the distribution system;~~
6 ~~or (iii) operate distribution systems that convey electric power~~
7 ~~received from the generation facility or the transmission system to~~
8 ~~the final consumer;~~

9 ~~(x) Providing specialized design services including interior~~
10 ~~design, industrial design, graphic design, and others, but not~~
11 ~~including architectural, engineering, and computer systems design;~~

12 ~~(y) Assigning rights to assets, such as patents, trademarks,~~
13 ~~brand names, or franchise agreements, for which a royalty payment or~~
14 ~~licensing fee is paid to the asset holder;~~

15 ~~(z) Acting as agents in selling annuities and insurance policies~~
16 ~~or providing other employee benefits and insurance related services,~~
17 ~~such as claims adjustment and third-party administration;~~

18 ~~(aa) Business-to-business electronic markets that bring together~~
19 ~~buyers and sellers of goods using the internet or other electronic~~
20 ~~means and generally receive a commission or fee for the service.~~
21 ~~Business-to-business electronic markets for durable and nondurable~~
22 ~~goods are included in this industry. This industry comprises~~
23 ~~wholesale trade agents and brokers acting on behalf of buyers or~~
24 ~~sellers in the wholesale distribution of goods. Agents and brokers do~~
25 ~~not take title to the goods being sold but rather receive a~~
26 ~~commission or fee for their service. Agents and brokers for all~~
27 ~~durable and nondurable goods are included in this industry;~~

28 ~~(bb) Accepting deposits or share deposits and in lending funds~~
29 ~~from these deposits. Within this group, industries are defined on the~~
30 ~~basis of differences in the types of deposit liabilities assumed and~~
31 ~~in the nature of the credit extended;~~

32 ~~(cc) (i) Manufacturing complete aircraft, missiles, or space~~
33 ~~vehicles; (ii) manufacturing aerospace engines, propulsion units,~~
34 ~~auxiliary equipment or parts; (iii) developing and making prototypes~~
35 ~~of aerospace products; (iv) aircraft conversion; or (v) complete~~
36 ~~aircraft or propulsion systems overhaul and rebuilding;~~

37 ~~(dd) Advertising, public relations, and related services, such as~~
38 ~~media buying, independent media representation, outdoor advertising,~~
39 ~~direct mail advertising, advertising material distribution services,~~
40 ~~and other services related to advertising;~~

1 ~~(ee) Providing services, such as auditing of accounting records,~~
2 ~~designing accounting systems, preparing financial statements,~~
3 ~~developing budgets, preparing tax returns, processing payrolls,~~
4 ~~bookkeeping, and billing;~~

5 ~~(ff) The independent practice of general or specialized medicine~~
6 ~~or surgery by businesses comprised of one or more health~~
7 ~~practitioners having the degree of doctor of medicine or doctor of~~
8 ~~osteopathy. These practitioners operate private or group practices in~~
9 ~~their own offices or in the facilities of others, such as hospitals~~
10 ~~or health maintenance organization medical centers;~~

11 ~~(gg) Providing a range of outpatient services, such as family~~
12 ~~planning, diagnosis and treatment of mental health disorders and~~
13 ~~alcohol and other substance abuse, and other general or specialized~~
14 ~~outpatient care by businesses with medical staff;~~

15 ~~(hh) Pooling securities or other assets, except insurance and~~
16 ~~employee benefit funds, on behalf of shareholders, unit holders, or~~
17 ~~beneficiaries, by legal entities such as investment pools or funds;~~

18 ~~(ii) Promoting the interests of an organization's members, except~~
19 ~~religious organizations, social advocacy organizations, and civic and~~
20 ~~social organizations. Examples of establishments in this industry are~~
21 ~~business associations, professional organizations, labor unions, and~~
22 ~~political organizations;~~

23 ~~(jj) Holding the securities of or other equity interests in~~
24 ~~companies and enterprises for the purpose of owning a controlling~~
25 ~~interest or influencing management decisions or businesses that~~
26 ~~administer, oversee, and manage other establishments of the company~~
27 ~~or enterprise and that normally undertake the strategic or~~
28 ~~organizational planning and decision-making role of the company or~~
29 ~~enterprise. Establishments that administer, oversee, and manage may~~
30 ~~hold the securities of the company or enterprise;~~

31 ~~(kk) For medical and diagnostic laboratories, providing analytic~~
32 ~~or diagnostic services, including body fluid analysis and diagnostic~~
33 ~~imaging, generally to the medical profession or to the patient on~~
34 ~~referral from a health practitioner;~~

35 ~~(ll) Serving as offices of chief executives and their advisory~~
36 ~~committees and commissions. This industry includes offices of the~~
37 ~~president, governors, and mayors, in addition to executive advisory~~
38 ~~commissions. This industry comprises government establishments~~
39 ~~serving as legislative bodies and their advisory committees and~~
40 ~~commissions. Included in this industry are legislative bodies, such~~

1 as congress, state legislatures, and advisory and study legislative
2 commissions. This industry comprises government establishments
3 primarily engaged in public finance, taxation, and monetary policy.
4 Included are financial administration activities, such as monetary
5 policy, tax administration and collection, custody and disbursement
6 of funds, debt and investment administration, auditing activities,
7 and government employee retirement trust fund administration. This
8 industry comprises government establishments serving as councils and
9 boards of commissioners or supervisors and such bodies where the
10 chief executive is a member of the legislative body itself. This
11 industry comprises American Indian and Alaska Native governing
12 bodies. Establishments in this industry perform legislative,
13 judicial, and administrative functions for their American Indian and
14 Alaska Native lands. Included in this industry are American Indian
15 and Alaska Native councils, courts, and law enforcement bodies. This
16 industry comprises government establishments primarily engaged in
17 providing general support for government. Such support services
18 include personnel services, election boards, and other general
19 government support establishments that are not classified elsewhere
20 in public administration;

21 (mm) Providing a range of office administrative services, such as
22 financial planning, billing and recordkeeping, personnel, and
23 physical distribution and logistics, for others on a contract or fee
24 basis. These establishments do not provide operating staff to carry
25 out the complete operations of a business;

26 (nn) Providing professional, scientific, or technical services
27 including marketing research, public opinion polling, photographic
28 services, translation and interpretation services, and veterinary
29 services. This category does not include legal services, accounting,
30 tax preparation, bookkeeping, architectural, engineering, and related
31 services, specialized design services, computer systems design,
32 management, scientific and technical consulting services, scientific
33 research and development services, or advertising services;

34 (oo) The independent practice of general or specialized dentistry
35 or dental surgery by businesses comprised of one or more health
36 practitioners having the degree of doctor of dental medicine, doctor
37 of dental surgery, or doctor of dental science. These practitioners
38 operate private or group practices in their own offices or in the
39 facilities of others, such as hospitals or health maintenance
40 organization medical centers. They may provide either comprehensive

1 ~~preventive, cosmetic, or emergency care, or specialize in a single~~
2 ~~field of dentistry;~~

3 ~~(pp) The independent practice of general or specialized medicine~~
4 ~~or surgery, or general or specialized dentistry or dental surgery, by~~
5 ~~businesses comprised of one or more independent health practitioners,~~
6 ~~other than physicians and dentists;~~

7 ~~(qq) Providing ambulatory health care services.~~

8 ~~(3) (a) (i) For the purposes of this section, a person is primarily~~
9 ~~engaged within this state in any combination of the activities~~
10 ~~described in subsection (2) of this section if more than fifty~~
11 ~~percent of the person's cumulative gross amount reportable under this~~
12 ~~chapter during the entire current or immediately preceding calendar~~
13 ~~year was generated from engaging in any one or more of the activities~~
14 ~~described in subsection (2) of this section. For purposes of this~~
15 ~~subsection, "gross amount reportable" means the total value of~~
16 ~~products, gross proceeds of sales, and gross income of the business,~~
17 ~~reportable to the department before application of any tax~~
18 ~~deductions.~~

19 ~~(ii) If a person was not primarily engaged within this state in~~
20 ~~any combination of the activities described in subsection (2) of this~~
21 ~~section during the immediately preceding year, and the person is~~
22 ~~unsure whether the person will be subject to the workforce investment~~
23 ~~surcharge for the current calendar year until the close of the~~
24 ~~current calendar year, the person must, if necessary, file corrected~~
25 ~~returns with the department of revenue to pay any additional tax due~~
26 ~~under this section for the current calendar year. Payment of~~
27 ~~additional tax, along with corrected returns, is due and payable when~~
28 ~~the person's last return for the calendar year during which the tax~~
29 ~~liability accrued is due and payable. Additional tax due under this~~
30 ~~section is subject to penalties and interest as provided under~~
31 ~~chapter 82.32 RCW only if the tax is not paid in full by the date due~~
32 ~~as provided in this subsection (3) (a) (ii).~~

33 ~~(b) The entire amount of gross income of the business received by~~
34 ~~a person pursuant to a contract under which the person is obligated~~
35 ~~to perform any activity described under subsection (2) of this~~
36 ~~section is deemed to be generated from engaging in any one or more of~~
37 ~~the activities described in subsection (2) of this section.~~

38 ~~(4)) (1) (a) Beginning with business activities occurring on or~~
39 ~~after January 1, 2020, in addition to the taxes imposed under RCW~~

1 82.04.290(2), a workforce education investment surcharge is imposed
2 on select advanced computing businesses (~~as follows:~~

3 ~~(i) For an affiliated group that has worldwide gross revenue of~~
4 ~~more than twenty-five billion dollars, but not more than one hundred~~
5 ~~billion dollars, during the entire current or immediately preceding~~
6 ~~calendar year, the surcharge is equal to the total amount of tax~~
7 ~~payable by each member of the affiliated group on all business~~
8 ~~activities taxed under RCW 82.04.290(2), before application of any~~
9 ~~tax credits, multiplied by the rate of thirty-three and one-third~~
10 ~~percent.~~

11 ~~(ii) For an affiliated group that has worldwide gross revenue of~~
12 ~~more than one hundred billion dollars during the entire current or~~
13 ~~immediately preceding calendar year, the surcharge is equal to the~~
14 ~~total amount of tax payable by each member of the affiliated group on~~
15 ~~all business activities taxed under RCW 82.04.290(2), before~~
16 ~~application of any tax credits, multiplied by the rate of sixty-six~~
17 ~~and two-thirds percent)). The surcharge is equal to the gross income~~
18 ~~of the business subject to the tax under RCW 82.04.290(2), multiplied~~
19 ~~by the rate of 1.22 percent.~~

20 (b) ~~((~~1~~))~~ Except as provided in (e) of this subsection (1), in
21 no case will the combined surcharge imposed under this subsection
22 ~~((~~4~~))~~ (1) paid by all members of an affiliated group be ~~((less than~~
23 ~~four million dollars or))~~ more than seven million dollars annually.

24 (c) For persons subject to the surcharge imposed under this
25 subsection ~~((~~4~~))~~ (1) that report under one or more tax
26 classifications, the surcharge applies only to business activities
27 taxed under RCW 82.04.290(2).

28 (d) The surcharge imposed under this subsection ~~((~~4~~))~~ (1) must
29 be reported and paid on a quarterly basis in a manner ~~((and~~
30 ~~frequency))~~ as required by the department. Returns and amounts
31 payable under this subsection (1) are due by the last day of the
32 month immediately following the end of the reporting period covered
33 by the return. All other taxes must be reported and paid as required
34 under RCW 82.32.045.

35 (e) To aid in the effective administration of the surcharge in
36 this subsection ~~((~~4~~))~~ (1), the department may require persons
37 believed to be engaging in advanced computing or affiliated with a
38 person believed to be engaging in advanced computing to disclose
39 whether they are a member of an affiliated group and, if so, to
40 identify all other members of the affiliated group subject to the

1 surcharge. If the department determines that a person, with intent to
2 evade the surcharge under this subsection (~~((4))~~) (1), failed to
3 fully comply with this subsection (~~((4))~~) (1)(e), the seven million
4 dollar limitation in (b) of this subsection (~~((4))~~) (1) does not
5 apply to the person's affiliated group.

6 (f) For the purposes of this subsection (~~((4))~~) (1), the
7 following definitions apply:

8 (i) "Advanced computing" means designing or developing computer
9 software or computer hardware, whether directly or contracting with
10 another person, including modifications to computer software or
11 computer hardware, cloud computing services, or operating an online
12 marketplace, an online search engine, or online social networking
13 platform;

14 (ii) "Affiliate" and "affiliated" means a person that directly or
15 indirectly, through one or more intermediaries, controls, is
16 controlled by, or is under common control with another person;

17 (iii) "Affiliated group" means a group of two or more persons
18 that are affiliated with each other;

19 (iv) "Cloud computing services" means on-demand delivery of
20 computing resources, such as networks, servers, storage,
21 applications, and services, over the internet;

22 (v) "Control" means the possession, directly or indirectly, of
23 more than fifty percent of the power to direct or cause the direction
24 of the management and policies of a person, whether through the
25 ownership of voting shares, by contract, or otherwise; and

26 (vi) "Select advanced computing business" means a person who is a
27 member of an affiliated group with at least one member of the
28 affiliated group engaging in the business of advanced computing, and
29 the affiliated group has worldwide gross revenue of more than twenty-
30 five billion dollars during the (~~(entire-current-or)~~) immediately
31 preceding calendar year. A person who is primarily engaged within
32 this state in the provision of commercial mobile service, as that
33 term is defined in 47 U.S.C. Sec. 332(d)(1), shall not be considered
34 a select advanced computing business. A person who is primarily
35 engaged in this state in the operation and provision of access to
36 transmission facilities and infrastructure that the person owns or
37 leases for the transmission of voice, data, text, sound, and video
38 using wired telecommunications networks shall not be considered a
39 select advanced computing business.

1 ~~((5))~~ (2) The workforce education investment surcharge(~~(s)~~)
2 under this section (~~(d)~~) does not apply to any hospital as defined
3 in RCW 70.41.020, including any hospital that comes within the scope
4 of chapter 71.12 RCW if the hospital is also licensed under chapter
5 70.41 RCW.

6 ~~((6))~~ (3) Revenues from the surcharge(~~(s)~~) under this section
7 must be deposited directly into the workforce education investment
8 account established in RCW 43.79.195.

9 ~~((7))~~ (4) The department has the authority to determine through
10 an audit or other investigation whether a person is subject to the
11 surcharge(~~(s)~~) imposed in this section. (~~The department's~~
12 ~~determination that a person is subject to the surcharge is presumed~~
13 ~~to be correct unless the person shows by clear, cogent, and~~
14 ~~convincing evidence that the department's determination was~~
15 ~~incorrect. The increased evidentiary standard under this subsection~~
16 ~~(7) does not apply after January 1, 2022.))~~

17 NEW SECTION. **Sec. 5.** If any provision of this act or its
18 application to any person or circumstance is held invalid, the
19 remainder of the act or the application of the provision to other
20 persons or circumstances is not affected.

21 NEW SECTION. **Sec. 6.** This act applies both prospectively and
22 retroactively to January 1, 2020.

23 NEW SECTION. **Sec. 7.** The provisions of RCW 82.32.805 and
24 82.32.808 do not apply to this act.

25 NEW SECTION. **Sec. 8.** This act is necessary for the immediate
26 preservation of the public peace, health, or safety, or support of
27 the state government and its existing public institutions, and takes
28 effect immediately.

--- END ---