

2SSB 5126 - S AMD 571

By Senator Braun

NOT ADOPTED 04/08/2021

1 Strike everything after the enacting clause and insert the
2 following:

3 **"PART I**

4 **IMPOSING A CARBON POLLUTION TAX TO PROVIDE INDIVIDUAL AND BUSINESS**
5 **TAX RELIEF, MITIGATE CLIMATE RISK, AND STABILIZE TRANSPORTATION**
6 **FUNDING**

7 NEW SECTION. **Sec. 1.** This act establishes a carbon pollution
8 tax to account for a significant share of the economic and
9 environmental impacts of greenhouse gas emissions. The legislature
10 intends to offset the tax burden imposed on Washingtonians from this
11 tax by providing individual and business tax relief as identified in
12 this act, including state property tax relief for homeowners,
13 eliminating the business and occupation tax on manufacturing, and
14 implementing the working families tax credit. The legislature also
15 intends to provide a 21st century transportation system by dedicating
16 the sales tax on vehicle sales to the transportation budget to
17 finance transit and highway improvements to enhance the quality of
18 life for all Washingtonians.

19 NEW SECTION. **Sec. 2.** The definitions in this section apply
20 throughout this chapter unless the context clearly requires
21 otherwise.

22 (1) "Aircraft fuel" has the same meaning as provided in RCW
23 82.42.010.

24 (2) "Carbon calculation" means a calculation made by the
25 department of ecology, in consultation with the department of
26 commerce, for purposes of determining the carbon dioxide emissions
27 from the complete combustion or oxidation of fossil fuels for use in
28 calculating the carbon pollution tax pursuant to section 3 of this
29 act. The carbon calculation also includes the life-cycle analysis of

1 emissions associated with these fuels determined under section 3 of
2 this act.

3 (3) "Carbon dioxide equivalent" means a metric measure used to
4 compare the emissions from various greenhouse gases based on their
5 global warming potential.

6 (4) "Carbon pollution tax" means the tax created in section 3 of
7 this act.

8 (5) "Coal" means a readily combustible rock of carbonaceous
9 material, including anthracite coal, bituminous coal, subbituminous
10 coal, lignite, waste coal, syncopal, and coke of any kind.

11 (6) "Department" means the department of revenue.

12 (7) "Direct access gas customer" means a person who purchases
13 natural gas for consumption from any seller other than a seller
14 registered with the department for purposes of paying taxes due under
15 chapter 82.04 or 82.16 RCW.

16 (8) "Facility" means any physical property, plant, building,
17 structure, source, or stationary equipment located on one or more
18 contiguous or adjacent properties in actual physical contact or
19 separated solely by a public roadway or other public right-of-way and
20 under common ownership or common control, that emits or may emit any
21 greenhouse gas.

22 (9) "Fossil fuel" means motor vehicle fuel, special fuel, dyed
23 special fuel, aircraft fuel, natural gas, coal, and any form of
24 solid, liquid, or gaseous fuel derived from natural gas, coal,
25 petroleum, or crude oil, including without limitation still gas,
26 propane, and petroleum residuals including bunker fuel.

27 (10) "Gas distribution business" has the same meaning as provided
28 in RCW 82.16.010.

29 (11) "Greenhouse gas" means carbon dioxide, methane, nitrogen
30 trifluoride, nitrous oxide, sulfur hexafluoride, hydrofluorocarbons,
31 perfluorocarbons, and other fluorinated greenhouse gases.

32 (12) "Highly impacted community" has the same meaning as defined
33 in RCW 19.405.020.

34 (13) "Motor vehicle fuel" has the same meaning as provided in RCW
35 82.38.020.

36 (14) "Natural gas" means naturally occurring mixtures of
37 hydrocarbon gases and vapors consisting principally of methane,
38 whether in gaseous or liquid form, including methane clathrate.

39 (15) "Person" has the same meaning as provided in RCW 82.04.030.

40 (16) "Sale" has the same meaning as provided in RCW 82.04.040.

1 (17) "Special fuel" has the same meaning as provided in RCW
2 82.38.020.

3 (18) "Taxpayer" means a person subject to the carbon pollution
4 tax created in section 3 of this act.

5 (19) "Tribal lands" has the same meaning as "Indian country" as
6 provided in 18 U.S.C. Sec. 1151, and also includes sacred sites,
7 traditional cultural properties, burial grounds, and other tribal
8 sites protected by federal or state law.

9 (20)(a) "Use," "used," "using," or "put to use" means, with
10 respect to any fossil fuel other than natural gas, the consumption in
11 this state of the fossil fuel by the taxpayer or the possession or
12 storage in this state of the fossil fuel by the taxpayer preparatory
13 to subsequent consumption of the fossil fuel within this state by the
14 taxpayer.

15 (b) "Use," "used," "using," or "put to use" means, with respect
16 to natural gas, the consumption in this state of the fossil fuel by
17 the taxpayer.

18 (c) For the purposes of this subsection, "possession" means the
19 control of fossil fuel located within this state and includes either
20 actual or constructive possession, or both. "Actual possession"
21 occurs when the person with control has physical possession.
22 "Constructive possession" occurs when the person with control does
23 not have physical possession. "Control" means the power to sell or
24 use a fossil fuel or to authorize the sale or use by another.

25 (21) "Vulnerable populations" has the same meaning as defined in
26 RCW 19.405.020.

27 (22) "Year" means the 12-month period commencing January 1st and
28 ending December 31st unless otherwise specified.

29 NEW SECTION. **Sec. 3.** (1)(a) Beginning July 1, 2022, a carbon
30 pollution tax is imposed on the sale or use within this state of all
31 fossil fuels, except fossil fuels used to generate electricity in the
32 state.

33 (b) The measure of the carbon pollution tax is the carbon dioxide
34 equivalent emissions:

35 (i) Resulting from the complete combustion or oxidation of fossil
36 fuels sold or used by the taxpayer within this state; and

37 (ii) For the purposes of measuring the tax rate under subsection
38 (2) of this section only, from the entire life cycle of the fossil
39 fuel.

1 (2) The tax rate as of July 1, 2022, is equal to \$15.00 per
2 metric ton of greenhouse gas emissions. The tax rate automatically
3 increases annually each July 1st thereafter by five percent each year
4 and is adjusted for inflation using the consumer price index.

5 (3) By January 1, 2031, the department of ecology shall make a
6 determination of whether the sources of emissions covered by this tax
7 are predicted to achieve their combined share of the emissions
8 reductions necessary for the state to achieve the emissions limits
9 established in RCW 70A.45.020. By January 1, 2031, the department of
10 ecology must provide the legislature with a report detailing its
11 determination with recommendations, pursuant to the tax and covered
12 sources, for achieving the emissions limits established in RCW
13 70A.45.020.

14 (4) For the purposes of this chapter, the carbon pollution tax is
15 imposed:

16 (a) Only once with respect to the same unit of fossil fuel;

17 (b) At the time and place of the first event within this state in
18 which the tax is applicable, except as otherwise provided in this
19 section, occurring on or after the effective date of this section,
20 regardless of whether the fossil fuel was previously sold, used, or
21 consumed within this state before the effective date of this section;
22 and

23 (c) Upon the first person within this state upon which the tax
24 would be applicable, except as otherwise provided in this section.
25 Such a person includes:

26 (i) A person required to be registered with the department under
27 RCW 82.32.030(1);

28 (ii) The state, its political subdivisions, and municipal
29 corporations; and

30 (iii) A person who maintains a place of business in this state
31 but who is not required to be registered with the department under
32 RCW 82.32.030(1).

33 (5) As provided in this section, the carbon pollution tax on the
34 sale or use of fossil fuels is imposed on the seller or user of the
35 fossil fuel.

36 (6) The carbon pollution tax on the sale or use of natural gas is
37 imposed as follows:

38 (a) Natural gas transported through the state that is not
39 produced or delivered in the state is exempt from the carbon
40 pollution tax imposed by this section. Natural gas possessed or

1 stored in this state is exempt from the carbon pollution tax imposed
2 by this section unless the tax is otherwise applicable under (b) or
3 (c) of this subsection;

4 (b) For natural gas sold by a gas distribution business to a
5 retail customer in the state, the carbon pollution tax is imposed on
6 the gas distribution business upon the sale of such natural gas to
7 the retail customer; and

8 (c) For natural gas sold to a direct access gas customer in the
9 state, the carbon pollution tax is imposed on the direct access gas
10 customer upon the consumption of such natural gas by the direct
11 access gas customer.

12 (7) For motor vehicle fuel and special fuel, the carbon pollution
13 tax is imposed on the seller or user of the fuel at the points of
14 taxation specified in RCW 82.38.030(9).

15 (8)(a) The carbon pollution tax may not be applied to the sale or
16 use of any fossil fuels or consumption of electricity upon which the
17 tax under this chapter has been previously imposed.

18 (b) A sale of fossil fuel takes place in this state when the
19 fossil fuel is delivered in this state to the purchaser or a person
20 designated by the purchaser, notwithstanding any contract terms
21 designating a location outside of this state as the place of sale.

22 (c) All sales subject to the tax within this state of a fossil
23 fuel must document the amount of carbon pollution tax paid in
24 accordance with rules adopted by the department.

25 (9) For purposes of determining the carbon pollution tax due
26 under this chapter:

27 (a) The department must use the carbon calculation for all fossil
28 fuels sold or used within the state, a calculation of the life-cycle
29 emissions associated with the consumption in the state of
30 transportation fuels;

31 (b) For fossil fuels, the department of ecology, in consultation
32 with the department of commerce, must adopt by rule criteria for
33 making the carbon calculation;

34 (c) The department of ecology may require additional information
35 from sources as necessary, in consultation with the department of
36 commerce, for determining the carbon calculation under this chapter.

37 (10) For taxpayers who are also subject to any of the taxes
38 imposed under chapter 82.04, 82.08, 82.12, or 82.16 RCW, the
39 frequency of reporting and payment of the carbon pollution tax must,
40 to the extent practicable, coincide with a taxpayer's reporting

1 periods for the taxes imposed under chapter 82.04, 82.08, 82.12, or
2 82.16 RCW.

3 (11) The department must develop and make available worksheets,
4 tax tables, and guidance documents it deems necessary to calculate
5 the carbon dioxide emissions of fossil fuels.

6 (12) The first \$500,000,000 of carbon pollution tax proceeds
7 collected under this section must be deposited in the forest
8 resiliency account created in RCW 43.79. . . . (section 964,
9 chapter . . . (Engrossed Substitute Senate Bill No. 5092), Laws of
10 2021) and must be used to implement the department of natural
11 resources' forest health plan, as specified in chapter 95, Laws of
12 2017. All remaining proceeds from the carbon pollution tax imposed
13 under this section must be deposited in the state general fund.

14 NEW SECTION. **Sec. 4.** (1) The carbon pollution tax in section 3
15 of this act does not apply to:

16 (a) Fossil fuels brought into this state by means of the primary
17 fuel supply tank of a motor vehicle, vessel, locomotive, or aircraft,
18 actively supplying fuel for combustion upon entry into the state;

19 (b) Fossil fuels that the state is prohibited from imposing a tax
20 under the state Constitution or the Constitution or laws of the
21 United States;

22 (c)(i) Fossil fuels exported from this state. Export to Indian
23 country located within the boundaries of this state is not considered
24 export from this state. For purposes of this subsection, "Indian
25 country" has the same meaning as provided in RCW 37.12.160.

26 (ii) An exporter of fossil fuels upon which another person
27 previously paid the carbon pollution tax is entitled to a credit or
28 refund of the tax paid, if the exporter can establish to the
29 department's satisfaction that the tax under this chapter was
30 previously paid on the exported fossil fuels. The person who paid the
31 carbon pollution tax is not entitled to an exemption under this
32 subsection (1)(c) when any other person is entitled to a refund or
33 credit under this subsection (1)(c)(ii). For purposes of this
34 subsection, "exporter" means a person who exports fossil fuels or
35 electricity from this state;

36 (d) The sale or use of coal transition power as defined in RCW
37 80.80.010;

1 (e) Diesel fuel, biodiesel fuel, or aircraft fuel when these
2 fuels are used solely for agricultural purposes by a farm fuel user,
3 as defined in RCW 82.08.865;

4 (f) Biogas, which includes renewable liquid natural gas or liquid
5 compressed natural gas made from biogas, landfill gas, biodiesel,
6 renewable diesel, and cellulosic ethanol;

7 (g) Aircraft fuel as defined in RCW 82.42.010;

8 (h) The portion of fossil fuels purchased in the state and
9 combusted outside the state by interstate motor carriers and vessels
10 used primarily in interstate or foreign commerce. The department must
11 provide a methodology by rule to apportion fossil fuels consumed
12 inside the state of Washington by interstate motor carriers and
13 vessels used primarily in interstate or foreign commerce;

14 (i) Activities or property of Indian tribes and individual
15 Indians that are exempt from state imposition of a tax as a matter of
16 federal law or state law, whether by statute, rule, or compact;

17 (j) Motor vehicle fuel or special fuel that is used exclusively
18 for agricultural purposes by a farm fuel user. This exemption is
19 available only if a buyer of motor vehicle fuel or special fuel
20 provides the seller with an exemption certificate in a form and
21 manner prescribed by the department. For the purposes of this
22 subsection (1)(j), "agricultural purposes" and "farm fuel user" have
23 the same meanings as provided in RCW 82.08.865; the department shall
24 determine a method for expanding this exemption to include fuels used
25 for the purpose of transporting agricultural goods on public
26 highways; the department shall maintain this expanded exemption for a
27 period of five years, in order to provide the agricultural sector
28 with a feasible transition period;

29 (k)(i) Motor vehicle fuel or special fuel that is used by the
30 following: (A) Log transportation businesses; and (B) persons in the
31 business of extracting timber. This exemption is available only if a
32 buyer of motor vehicle fuel or special fuel provides the seller with
33 an exemption certificate in a form and manner prescribed by the
34 department; the department shall determine a method for expanding
35 this exemption to include fuels used for the purpose of transporting
36 timber on public highways; the department shall maintain this
37 expanded exemption for a period of five years, in order to provide
38 the timber sector with a feasible transition period.

39 (ii) For the purposes of this subsection (1)(k), the following
40 definitions apply: (A) "Log transportation business" has the same

1 meaning as provided in RCW 82.16.010; and (B) "timber" means forest
2 trees, standing or down, on privately owned or publicly owned land,
3 and does not include Christmas trees that are cultivated by
4 agricultural methods or short-rotation hardwoods as defined in RCW
5 84.33.035; and

6 (1) Any fossil fuels consumed by an energy-intensive, trade-
7 exposed business in a sector designated by department rules. By June
8 30, 2022, the department in consultation with the departments of
9 commerce and ecology shall adopt rules to designate energy-intensive,
10 trade-exposed industry sectors. By July 30, 2026, the department of
11 ecology must provide a report to the appropriate committees of the
12 senate and house of representatives on whether to restrict or
13 eliminate this exemption identified in this subsection (1)(1). In
14 developing the report, the department of ecology must solicit input
15 and data from industry sectors and other interested persons. The
16 report must include recommendations for alternatives that will
17 minimize leakage, allow for growth of Washington industries,
18 recognize and provide credit for early actions to reduce emissions,
19 availability of alternative fuels, and incorporate performance
20 benchmarking of emissions intensity in production processes.

21 (2)(a) For any fossil fuels subject to the carbon pollution tax
22 imposed by section 3 of this act that are also subject to a
23 comparable carbon pollution tax or charge on carbon content imposed
24 by another jurisdiction, including the federal government or
25 allowances required to be purchased by another jurisdiction, the
26 entity may take a credit against the tax imposed under this chapter
27 by the amount of the comparable pollution tax or charge paid to the
28 other jurisdiction up to the amount of tax owed under this chapter,
29 provided that the person claiming the credit provides evidence
30 acceptable to the department that the equivalent tax has been paid.

31 (b) For the purposes of this section, a comparable carbon
32 pollution tax or charge means a tax or charge that is not generally
33 imposed on other activities or privileges that is:

34 (i) Imposed on the sale, use, possession, transfer, or
35 consumption of fossil fuels; and

36 (ii) Measured in terms of greenhouse gas emissions by the
37 greenhouse gas emissions resulting from the complete combustion or
38 oxidation of such fossil fuels.

1 (3) ~~((For remittances made in 2009 and 2010, the working~~
2 ~~families' tax exemption for the prior year is a retail sales tax~~
3 ~~exemption equal to the greater of five percent of the credit granted~~
4 ~~as a result of Title 26 U.S.C. Sec. 32 in the most recent year for~~
5 ~~which data is available or twenty-five dollars. For 2011)) (a) For~~
6 2023 and thereafter, the working families' tax ((exemption))
7 remittance amount for the prior year is equal to the greater of ten
8 percent of the credit granted as a result of Title 26 U.S.C. Sec. 32
9 in the most recent year for which data is available or fifty dollars.

10 **(b) If the remittance for an eligible person as calculated in**
11 **this section is greater than one cent, but less than \$50, the**
12 **remittance amount is \$50.**

13 (4) ~~((For any fiscal period, the working families' tax exemption~~
14 ~~authorized under this section shall be approved by the legislature in~~
15 ~~the state omnibus appropriations act before persons may claim the~~
16 ~~exemption during the fiscal period.~~

17 ~~(5))~~) The working families' tax exemption shall be administered
18 as provided in this subsection.

19 ~~((a) An eligible low-income person claiming an exemption under~~
20 ~~this section must pay the tax imposed under chapters 82.08, 82.12,~~
21 ~~and 82.14 RCW in the year for which the exemption is claimed. The~~
22 ~~eligible low-income person may then apply to the department for the~~
23 ~~remittance as calculated under subsection (3) of this section.~~

24 ~~(b) Application shall be made to the department in a form and~~
25 ~~manner determined by the department, but the department must provide~~
26 ~~alternative filing methods for applicants who do not have access to~~
27 ~~electronic filing.~~

28 ~~(c) Application for the exemption remittance under this section~~
29 ~~must be made in the year following the year for which the federal~~
30 ~~return was filed, but in no case may any remittance be provided for~~
31 ~~any period before January 1, 2008. The department may use the best~~
32 ~~available data to process the exemption remittance. The department~~
33 ~~shall begin accepting applications October 1, 2009.~~

34 ~~(d) The department shall review the application and determine~~
35 ~~eligibility for the working families' tax exemption based on~~
36 ~~information provided by the applicant and through audit and other~~
37 ~~administrative records, including, when it deems it necessary,~~
38 ~~verification through internal revenue service data.~~

1 ~~(e) The department shall remit the exempted amounts to eligible~~
2 ~~low-income persons who submitted applications. Remittances may be~~
3 ~~made by electronic funds transfer or other means.~~

4 ~~(f) The department may, in conjunction with other agencies or~~
5 ~~organizations, design and implement a public information campaign to~~
6 ~~inform potentially eligible persons of the existence of and~~
7 ~~requirements for this exemption.~~

8 ~~(g) The department may contact persons who appear to be eligible~~
9 ~~low-income persons as a result of information received from the~~
10 ~~internal revenue service under such conditions and requirements as~~
11 ~~the internal revenue service may by law require.~~

12 ~~(6) The provisions of chapter 82.32 RCW apply to the exemption in~~
13 ~~this section.~~

14 ~~(7) The department may adopt rules necessary to implement this~~
15 ~~section.~~

16 ~~(8) The department shall limit its costs for the exemption~~
17 ~~program to the initial start-up costs to implement the program. The~~
18 ~~state omnibus appropriations act shall specify funding to be used for~~
19 ~~the ongoing administrative costs of the program. These ongoing~~
20 ~~administrative costs include, but are not limited to, costs for: The~~
21 ~~processing of internet and mail applications, verification of~~
22 ~~application claims, compliance and collections, additional full-time~~
23 ~~employees at the department's call center, processing warrants,~~
24 ~~updating printed materials and web information, media advertising,~~
25 ~~and support and maintenance of computer systems.)~~

26 (a) The remittance paid under this section will be paid to
27 eligible filers who apply pursuant to this subsection.

28 (i) Application must be made to the department in a form and
29 manner determined by the department. If the application process is
30 initially done electronically, the department must provide a paper
31 application upon request. The application must include any
32 information and documentation as required by the department.

33 (ii) Application for the remittance under this section must be
34 made in the year following the year for which the federal return was
35 filed, but in no case may any remittance be provided for any period
36 before January 1, 2022. The department must use the eligible person's
37 most recent federal tax filing to process the remittance.

38 (iii) A person may not claim an exemption on behalf of a deceased
39 individual. No individual may claim an exemption under this section
40 for any year in a disallowance period under Title 26 U.S.C. Sec.

1 32(k)(1) or for any year for which the individual is ineligible to
2 claim the credit in Title 26 U.S.C. Sec. 32 by reason of Title 26
3 U.S.C. Sec. 32(k)(2).

4 (b) The department shall protect the privacy and confidentiality
5 of personal data of remittance recipients in accordance with chapter
6 82.32 RCW.

7 (c) The department shall, in conjunction with other agencies or
8 organizations, design and implement a public information campaign to
9 inform potentially eligible persons of the existence of, and
10 requirements for, this section.

11 (d) The department must work with the internal revenue service to
12 administer the exemption on an automatic basis as soon as
13 practicable.

14 (5) Receipt of the remittance under this section may not be used
15 in eligibility determinations for any state income support programs
16 or in making public charge determinations.

17 (6) The department may adopt rules necessary to implement this
18 section. This includes establishing a date by which applications will
19 be accepted, with the aim of accepting applications as soon as
20 possible. The department may gather necessary data through audit and
21 other administrative records, including verification through internal
22 revenue service data.

23 (7) The department must review the application and determine
24 eligibility for the working families' tax exemption based on
25 information provided by the applicant and through audit and other
26 administrative records, including, when it deems it necessary,
27 verification through internal revenue service data.

28 (8) If, upon review of internal revenue service data or other
29 information obtained by the department, it appears that an individual
30 received a remittance that the individual was not entitled to, or
31 received a larger remittance than the individual was entitled to, the
32 department may assess against the individual the overpaid amount. The
33 department may also assess such overpaid amount against the
34 individual's spouse if the remittance in question was based on both
35 spouses filing a joint federal income tax return for the year for
36 which the remittance was claimed.

37 (a) Interest as provided under RCW 82.32.050 applies to
38 assessments authorized under this subsection (8). Except as otherwise
39 provided in this subsection, penalties may not be assessed on amounts
40 due under this subsection.

1 (b) If an amount due under this subsection is not paid in full by
2 the date due, or the department issues a warrant for the collection
3 of amounts due under this subsection, the department may assess the
4 applicable penalties under RCW 82.32.090.

5 (c) If the department finds by clear, cogent, and convincing
6 evidence that an individual knowingly submitted, caused to be
7 submitted, or consented to the submission of, a fraudulent claim for
8 remittance under this section, the department must assess a penalty
9 of 50 percent of the overpaid amount. This penalty is in addition to
10 any other applicable penalties assessed in accordance with (b) of
11 this subsection (8).

12 (9) If, within the period allowed for refunds under RCW
13 82.32.060, the department finds that an individual received a lesser
14 remittance than the individual was entitled to, the department must
15 remit the additional amount due under this section to the individual.

16 (10) Interest does not apply to remittances provided under this
17 act.

18 (11) For any fiscal period, the working families' tax exemption
19 authorized under this section shall be approved by the legislature in
20 the state omnibus appropriations act before persons may claim the
21 exemption during the fiscal period.

22 NEW SECTION. Sec. 10. The provisions of RCW 82.32.805 and
23 82.32.808 do not apply to this act.

24 **PART III**

25 **PROVIDING TAX RELIEF TO PRESERVE AEROSPACE AND OTHER MANUFACTURING**
26 **JOBS IN WASHINGTON**

27 NEW SECTION. Sec. 11. The legislature finds that the
28 manufacturing industry in Washington is an important source of jobs
29 that pay significantly more than the average state wage. The
30 legislature also finds that even prior to the coronavirus pandemic,
31 the manufacturing industry had lost more than 43,000 jobs during the
32 21st century, while other leading Washington industries have
33 collectively added hundreds of thousands of jobs. The legislature
34 further finds that the coronavirus pandemic has exposed the
35 detriments of limited manufacturing capacity at times when the people
36 need a reliable supply of basic core products and goods.

1 It is the intent of the legislature to encourage a resurgence of
2 manufacturing capacity in Washington and the creation of family-wage
3 jobs by reducing the tax burden on the manufacturing industry. It is
4 intended that this act will not only enhance the security of the
5 public by promoting self-sufficiency, but also draw new industries to
6 Washington.

7 **Sec. 12.** RCW 82.04.240 and 2004 c 24 s 4 are each amended to
8 read as follows:

9 Upon every person engaging within this state in business as a
10 manufacturer or processor for hire, except persons taxable as
11 manufacturers or processors for hire under other provisions of this
12 chapter; as to such persons the amount of the tax with respect to
13 such business shall be equal to the value of the products, including
14 by-products, manufactured or processed, multiplied by the rate of
15 ~~((0.484))~~ 0.00 percent.

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

19 **Sec. 13.** RCW 82.04.2404 and 2017 3rd sp.s. c 37 s 503 are each
20 amended to read as follows:

21 (1) Upon every person engaging within this state in the business
22 of manufacturing or processing for hire semiconductor materials, as
23 to such persons the amount of tax with respect to such business is,
24 in the case of manufacturers, equal to the value of the product
25 manufactured, or, in the case of processors for hire, equal to the
26 gross income of the business, multiplied by the rate of ~~((0.275))~~
27 0.00 percent.

28 (2) For the purposes of this section "semiconductor materials"
29 means silicon crystals, silicon ingots, raw polished semiconductor
30 wafers, and compound semiconductor wafers.

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

34 ~~(4) Any person who has claimed the preferential tax rate under
35 this section must reimburse the department for fifty percent of the
36 amount of the tax preference under this section, if:~~

37 ~~(a) The number of persons employed by the person claiming the tax
38 preference is less than ninety percent of the person's three-year~~

1 ~~employment average for the three years immediately preceding the year~~
2 ~~in which the preferential tax rate is claimed; or~~

3 ~~(b) The person is subject to a review under section 501(4)(a),~~
4 ~~chapter 37, Laws of 2017 3rd sp. sess. and such person does not meet~~
5 ~~performance criteria in section 501(4)(a), chapter 37, Laws of 2017~~
6 ~~3rd sp. sess.~~

7 ~~(5))~~) This section expires December 1, 2028.

8 **Sec. 14.** RCW 82.04.260 and 2020 c 165 s 3 are each amended to
9 read as follows:

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

12 (a) Wheat into flour, barley into pearl barley, soybeans into
13 soybean oil, canola into canola oil, canola meal, or canola by-
14 products, or sunflower seeds into sunflower oil; as to such persons
15 the amount of tax with respect to such business is equal to the value
16 of the flour, pearl barley, oil, canola meal, or canola by-product
17 manufactured, multiplied by the rate of (~~0.138~~) 0.00 percent;

18 (b) Beginning July 1, 2025, seafood products that remain in a
19 raw, raw frozen, or raw salted state at the completion of the
20 manufacturing by that person; or selling manufactured seafood
21 products that remain in a raw, raw frozen, or raw salted state at the
22 completion of the manufacturing, to purchasers who transport in the
23 ordinary course of business the goods out of this state; as to such
24 persons the amount of tax with respect to such business is equal to
25 the value of the products manufactured multiplied by the rate of 0.00
26 percent or the gross proceeds derived from such sales, multiplied by
27 the rate of 0.138 percent. Sellers must keep and preserve records for
28 the period required by RCW 82.32.070 establishing that the goods were
29 transported by the purchaser in the ordinary course of business out
30 of this state;

31 (c)(i) Except as provided otherwise in (c)(iii) of this
32 subsection, from July 1, 2025, until January 1, 2036, dairy products;
33 or selling dairy products that the person has manufactured to
34 purchasers who either transport in the ordinary course of business
35 the goods out of state or purchasers who use such dairy products as
36 an ingredient or component in the manufacturing of a dairy product;
37 as to such persons the tax imposed is equal to the value of the
38 products manufactured multiplied by the rate of 0.00 percent or the
39 gross proceeds derived from such sales multiplied by the rate of

1 0.138 percent. Sellers must keep and preserve records for the period
2 required by RCW 82.32.070 establishing that the goods were
3 transported by the purchaser in the ordinary course of business out
4 of this state or sold to a manufacturer for use as an ingredient or
5 component in the manufacturing of a dairy product.

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

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

12 (B) Products comprised of not less than (~~seventy~~) 70 percent
13 dairy products that qualify under (c)(ii)(A) of this subsection,
14 measured by weight or volume.

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

20 (d)(i) Beginning July 1, 2025, fruits or vegetables by canning,
21 preserving, freezing, processing, or dehydrating fresh fruits or
22 vegetables, or selling at wholesale fruits or vegetables manufactured
23 by the seller by canning, preserving, freezing, processing, or
24 dehydrating fresh fruits or vegetables and sold to purchasers who
25 transport in the ordinary course of business the goods out of this
26 state; as to such persons the amount of tax with respect to such
27 business is equal to the value of the products manufactured
28 multiplied by the rate of 0.00 percent or the gross proceeds derived
29 from such sales multiplied by the rate of 0.138 percent. Sellers must
30 keep and preserve records for the period required by RCW 82.32.070
31 establishing that the goods were transported by the purchaser in the
32 ordinary course of business out of this state.

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

36 (e) Wood biomass fuel; as to such persons the amount of tax with
37 respect to the business is equal to the value of wood biomass fuel
38 manufactured, multiplied by the rate of (~~0.138~~) 0.00 percent. For
39 the purposes of this section, "wood biomass fuel" means a liquid or
40 gaseous fuel that is produced from lignocellulosic feedstocks,

1 including wood, forest, or field residue and dedicated energy crops,
2 and that does not include wood treated with chemical preservations
3 such as creosote, pentachlorophenol, or copper-chrome-arsenic.

4 (2) Upon every person engaging within this state in the business
5 of splitting or processing dried peas; as to such persons the amount
6 of tax with respect to such business is equal to the value of the
7 peas split or processed, multiplied by the rate of (~~0.138~~) 0.00
8 percent.

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

14 (4) Upon every person engaging within this state in the business
15 of slaughtering, breaking and/or processing perishable meat products
16 and/or selling the same at wholesale only and not at retail; as to
17 such persons the tax imposed is equal to the gross proceeds derived
18 from such sales multiplied by the rate of (~~0.138~~) 0.00 percent.

19 (5) (a) Upon every person engaging within this state in the
20 business of acting as a travel agent or tour operator and whose
21 annual taxable amount for the prior calendar year was (~~two hundred~~
22 ~~fifty thousand dollars~~) \$250,000 or less; as to such persons the
23 amount of the tax with respect to such activities is equal to the
24 gross income derived from such activities multiplied by the rate of
25 0.275 percent.

26 (b) Upon every person engaging within this state in the business
27 of acting as a travel agent or tour operator and whose annual taxable
28 amount for the calendar year was more than (~~two hundred fifty~~
29 ~~thousand dollars~~) \$250,000; as to such persons the amount of the tax
30 with respect to such activities is equal to the gross income derived
31 from such activities multiplied by the rate of 0.275 percent through
32 June 30, 2019, and 0.9 percent beginning July 1, 2019.

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

1 (7) Upon every person engaging within this state in the business
2 of stevedoring and associated activities pertinent to the movement of
3 goods and commodities in waterborne interstate or foreign commerce;
4 as to such persons the amount of tax with respect to such business is
5 equal to the gross proceeds derived from such activities multiplied
6 by the rate of 0.275 percent. Persons subject to taxation under this
7 subsection are exempt from payment of taxes imposed by chapter 82.16
8 RCW for that portion of their business subject to taxation under this
9 subsection. Stevedoring and associated activities pertinent to the
10 conduct of goods and commodities in waterborne interstate or foreign
11 commerce are defined as all activities of a labor, service or
12 transportation nature whereby cargo may be loaded or unloaded to or
13 from vessels or barges, passing over, onto or under a wharf, pier, or
14 similar structure; cargo may be moved to a warehouse or similar
15 holding or storage yard or area to await further movement in import
16 or export or may move to a consolidation freight station and be
17 stuffed, unstuffed, containerized, separated or otherwise segregated
18 or aggregated for delivery or loaded on any mode of transportation
19 for delivery to its consignee. Specific activities included in this
20 definition are: Wharfage, handling, loading, unloading, moving of
21 cargo to a convenient place of delivery to the consignee or a
22 convenient place for further movement to export mode; documentation
23 services in connection with the receipt, delivery, checking, care,
24 custody and control of cargo required in the transfer of cargo;
25 imported automobile handling prior to delivery to consignee; terminal
26 stevedoring and incidental vessel services, including but not limited
27 to plugging and unplugging refrigerator service to containers,
28 trailers, and other refrigerated cargo receptacles, and securing ship
29 hatch covers.

30 (8) (a) Upon every person engaging within this state in the
31 business of disposing of low-level waste, as defined in RCW
32 (~~(43.145.010)~~) 70A.380.010; as to such persons the amount of the tax
33 with respect to such business is equal to the gross income of the
34 business, excluding any fees imposed under chapter (~~(43.200)~~) 70A.384
35 RCW, multiplied by the rate of 3.3 percent.

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

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

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

14 (11)(a) Beginning October 1, 2005, upon every person engaging
15 within this state in the business of manufacturing commercial
16 airplanes, or components of such airplanes, or making sales, at
17 retail or wholesale, of commercial airplanes or components of such
18 airplanes, manufactured by the seller, as to such persons the amount
19 of tax with respect to such business is, in the case of
20 manufacturers, equal to the value of the product manufactured and the
21 gross proceeds of sales of the product manufactured, or in the case
22 of processors for hire, equal to the gross income of the business,
23 multiplied by the rate of:

24 (i) 0.4235 percent from October 1, 2005, through June 30, 2007;

25 (ii) 0.2904 percent beginning July 1, 2007, through March 31,
26 2020; (~~and~~)

27 (iii) Beginning April 1, 2020, 0.484 percent, subject to any
28 reduction required under (e) of this subsection (11). The tax rate in
29 this subsection (11)(a)(iii) applies to (~~all~~) retailing and
30 wholesaling business activities described in this subsection (11)(a);
31 and

32 (iv) Beginning January 1, 2022, 0.00 percent for manufacturing
33 activities described in this subsection (11)(a).

34 (b) Beginning July 1, 2008, upon every person who is not eligible
35 to report under the provisions of (a) of this subsection (11) and is
36 engaging within this state in the business of manufacturing tooling
37 specifically designed for use in manufacturing commercial airplanes
38 or components of such airplanes, or making sales, at retail or
39 wholesale, of such tooling manufactured by the seller, as to such
40 persons the amount of tax with respect to such business is, in the

1 case of manufacturers, equal to the value of the product manufactured
2 and the gross proceeds of sales of the product manufactured, or in
3 the case of processors for hire, be equal to the gross income of the
4 business, multiplied by the rate of:

5 (i) 0.2904 percent through March 31, 2020; and

6 (ii) Beginning April 1, 2020, the following rates, which are
7 subject to any reduction required under (e) of this subsection (11):

8 (A) The generally applicable rate under (~~RCW 82.04.250(1)~~) this
9 chapter on the business of making retail or wholesale sales of
10 tooling specifically designed for use in manufacturing commercial
11 airplanes or components of such airplanes; and

12 (B) (~~0.484~~) 0.00 percent on all other business activities
13 described in this subsection (11)(b) beginning January 1, 2022.

14 (c) For the purposes of this subsection (11), "commercial
15 airplane" and "component" have the same meanings as provided in RCW
16 82.32.550.

17 (d)(i) In addition to all other requirements under this title, a
18 person reporting (~~under the tax rate~~) a preferential tax rate for
19 retailing or wholesaling activities provided in this subsection (11)
20 must file a complete annual tax performance report with the
21 department under RCW 82.32.534. However, this requirement does not
22 apply to persons reporting under the tax rate in (a)(iii) of this
23 subsection (11), so long as that rate remains 0.484 percent, or under
24 any of the tax rates in (b)(ii)(A) and (B) of this subsection (11),
25 so long as those tax rates remain the rate imposed pursuant to RCW
26 82.04.250(1) and 0.484 percent, respectively.

27 (ii) Nothing in (d)(i) of this subsection (11) may be construed
28 as affecting the obligation of a person reporting under a tax rate
29 provided in this subsection (11) to file a complete annual tax
30 performance report with the department under RCW 82.32.534: (A)
31 Pursuant to another provision of this title as a result of claiming a
32 tax credit or exemption; or (B) pursuant to (d)(i) of this subsection
33 (11) as a result of claiming the tax rates in (a)(ii) or (b)(i) of
34 this subsection (11) for periods ending before April 1, 2020.

35 (e)(i) After March 31, 2021, the tax rates under (a)(iii) and
36 (b)(ii)(A) of this subsection (11) must be reduced to 0.357 percent
37 for retailing and wholesaling activities provided the conditions in
38 RCW 82.04.2602 are met. The effective date of the rates authorized
39 under this subsection (11)(e) must occur on the first day of the next
40 calendar quarter that is at least (~~sixty~~) 60 days after the

1 department receives the last of the two written notices pursuant to
2 RCW 82.04.2602 (3) and (4).

3 (ii) Both a significant commercial airplane manufacturer
4 separately and the rest of the aerospace industry as a whole,
5 receiving the rate of 0.357 percent under this subsection (11)(e) are
6 subject to the aerospace apprenticeship utilization rates required
7 under RCW 49.04.220 by April 1, 2026, or five years after the
8 effective date of the 0.357 percent rate authorized under this
9 subsection (11)(e), whichever is later, as determined by the
10 department of labor and industries.

11 (iii) The provisions of RCW 82.32.805 and 82.32.808 do not apply
12 to this subsection (11)(e).

13 (f)(i) Except as provided in (f)(ii) of this subsection (11),
14 this subsection (11) does not apply on and after July 1, 2040.

15 (ii) With respect to (~~the manufacturing of commercial airplanes~~
16 ~~or~~) making sales, at retail or wholesale, of commercial airplanes,
17 this subsection (11) does not apply on and after July 1st of the year
18 in which the department makes a determination that any final assembly
19 or wing assembly of any version or variant of a commercial airplane
20 that is the basis of a siting of a significant commercial airplane
21 manufacturing program in the state under RCW 82.32.850 has been sited
22 outside the state of Washington. This subsection (11)(f)(ii) only
23 applies to the (~~manufacturing or~~) sale of commercial airplanes that
24 are the basis of a siting of a significant commercial airplane
25 manufacturing program in the state under RCW 82.32.850. This
26 subsection (11)(f)(ii) continues to apply during the time that a
27 person is subject to the tax rate in (a)(iii) of this subsection
28 (11).

29 (g) For the purposes of this subsection, "a significant
30 commercial airplane manufacturer" means a manufacturer of commercial
31 airplanes with at least (~~fifty thousand~~) 50,000 full-time employees
32 in Washington as of January 1, 2021.

33 (12)(a) Until July 1, 2045, upon every person engaging within
34 this state in the business of extracting timber or extracting for
35 hire timber; as to such persons the amount of tax with respect to the
36 business is, in the case of extractors, equal to the value of
37 products, including by-products, extracted, or in the case of
38 extractors for hire, equal to the gross income of the business,
39 multiplied by the rate of 0.4235 percent from July 1, 2006, through

1 June 30, 2007, and (~~0.2904~~) 0.00 percent from July 1, 2007, through
2 June 30, 2045.

3 (b) Until July 1, 2045, upon every person engaging within this
4 state in the business of manufacturing or processing for hire: (i)
5 Timber into timber products or wood products; (ii) timber products
6 into other timber products or wood products; or (iii) products
7 defined in RCW 19.27.570(1); as to such persons the amount of the tax
8 with respect to the business is, in the case of manufacturers, equal
9 to the value of products, including by-products, manufactured, or in
10 the case of processors for hire, equal to the gross income of the
11 business, multiplied by the rate of 0.4235 percent from July 1, 2006,
12 through June 30, 2007, and (~~0.2904~~) 0.00 percent from July 1, 2007,
13 through June 30, 2045.

14 (c) Until July 1, 2045, upon every person engaging within this
15 state in the business of selling at wholesale: (i) Timber extracted
16 by that person; (ii) timber products manufactured by that person from
17 timber or other timber products; (iii) wood products manufactured by
18 that person from timber or timber products; or (iv) products defined
19 in RCW 19.27.570(1) manufactured by that person; as to such persons
20 the amount of the tax with respect to the business is equal to the
21 gross proceeds of sales of the timber, timber products, wood
22 products, or products defined in RCW 19.27.570(1) multiplied by the
23 rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and
24 (~~0.2904~~) 0.00 percent from July 1, 2007, through June 30, 2045.

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

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

37 (i) "Biocomposite surface products" means surface material
38 products containing, by weight or volume, more than (~~fifty~~) 50
39 percent recycled paper and that also use nonpetroleum-based phenolic
40 resin as a bonding agent.

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

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

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

23 (v) "Timber products" means:

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

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

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

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

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

39 (g) Nothing in this subsection (12) may be construed to affect
40 the taxation of any activity defined as a retail sale in RCW

1 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW
2 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

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

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

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

16 **Sec. 15.** RCW 82.04.2909 and 2017 c 135 s 12 are each amended to
17 read as follows:

18 (1) Upon every person who is an aluminum smelter engaging within
19 this state in the business of manufacturing aluminum; as to such
20 persons the amount of tax with respect to such business is, in the
21 case of manufacturers, equal to the value of the product
22 manufactured, or in the case of processors for hire, equal to the
23 gross income of the business, multiplied by the rate of (~~(.2904)~~)
24 0.00 percent.

25 (2) Upon every person who is an aluminum smelter engaging within
26 this state in the business of making sales at wholesale of aluminum
27 manufactured by that person, as to such persons the amount of tax
28 with respect to such business is equal to the gross proceeds of sales
29 of the aluminum multiplied by the rate of .2904 percent.

30 (3) A person reporting under the tax rate provided in subsection
31 (2) of this section must file a complete annual tax performance
32 report with the department under RCW 82.32.534.

33 (4) This section expires January 1, 2027.

34 **Sec. 16.** RCW 82.04.294 and 2017 3rd sp.s. c 37 s 403 are each
35 amended to read as follows:

36 (1) Upon every person engaging within this state in the business
37 of manufacturing solar energy systems using photovoltaic modules or
38 stirling converters, or of manufacturing solar grade silicon, silicon

1 solar wafers, silicon solar cells, thin film solar devices, or
2 compound semiconductor solar wafers to be used exclusively in
3 components of such systems; as to such persons the amount of tax with
4 respect to such business is, in the case of manufacturers, equal to
5 the value of the product manufactured, or in the case of processors
6 for hire, equal to the gross income of the business, multiplied by
7 the rate of (~~0.275~~) 0.00 percent.

8 (2) Upon every person engaging within this state in the business
9 of making sales at wholesale of solar energy systems using
10 photovoltaic modules or stirling converters, or of solar grade
11 silicon, silicon solar wafers, silicon solar cells, thin film solar
12 devices, or compound semiconductor solar wafers to be used
13 exclusively in components of such systems, manufactured by that
14 person; as to such persons the amount of tax with respect to such
15 business is equal to the gross proceeds of sales of the solar energy
16 systems using photovoltaic modules or stirling converters, or of the
17 solar grade silicon to be used exclusively in components of such
18 systems, multiplied by the rate of 0.275 percent.

19 (3) Silicon solar wafers, silicon solar cells, thin film solar
20 devices, solar grade silicon, or compound semiconductor solar wafers
21 are "semiconductor materials" for the purposes of RCW 82.08.9651 and
22 82.12.9651.

23 (4) The definitions in this subsection apply throughout this
24 section.

25 (a) "Compound semiconductor solar wafers" means a semiconductor
26 solar wafer composed of elements from two or more different groups of
27 the periodic table.

28 (b) "Module" means the smallest nondivisible self-contained
29 physical structure housing interconnected photovoltaic cells and
30 providing a single direct current electrical output.

31 (c) "Photovoltaic cell" means a device that converts light
32 directly into electricity without moving parts.

33 (d) "Silicon solar cells" means a photovoltaic cell manufactured
34 from a silicon solar wafer.

35 (e) "Silicon solar wafers" means a silicon wafer manufactured for
36 solar conversion purposes.

37 (f) "Solar energy system" means any device or combination of
38 devices or elements that rely upon direct sunlight as an energy
39 source for use in the generation of electricity.

1 (g) "Solar grade silicon" means high-purity silicon used
2 exclusively in components of solar energy systems using photovoltaic
3 modules to capture direct sunlight. "Solar grade silicon" does not
4 include silicon used in semiconductors.

5 (h) "Stirling converter" means a device that produces electricity
6 by converting heat from a solar source utilizing a stirling engine.

7 (i) "Thin film solar devices" means a nonparticipating substrate
8 on which various semiconducting materials are deposited to produce a
9 photovoltaic cell that is used to generate electricity.

10 (5) A person reporting under the tax rate provided in subsection
11 (2) of this section must file a complete annual tax performance
12 report with the department under RCW 82.32.534.

13 (6) This section expires July 1, 2027.

14 **Sec. 17.** RCW 82.04.280 and 2019 c 449 s 1 are each amended to
15 read as follows:

16 (1) Upon every person engaging within this state in the business
17 of: (a) Printing materials other than newspapers, and of publishing
18 periodicals or magazines; (b) building, repairing or improving any
19 street, place, road, highway, easement, right-of-way, mass public
20 transportation terminal or parking facility, bridge, tunnel, or
21 trestle which is owned by a municipal corporation or political
22 subdivision of the state or by the United States and which is used or
23 to be used, primarily for foot or vehicular traffic including mass
24 transportation vehicles of any kind and including any readjustment,
25 reconstruction or relocation of the facilities of any public, private
26 or cooperatively owned utility or railroad in the course of such
27 building, repairing or improving, the cost of which readjustment,
28 reconstruction, or relocation, is the responsibility of the public
29 authority whose street, place, road, highway, easement, right-of-way,
30 mass public transportation terminal or parking facility, bridge,
31 tunnel, or trestle is being built, repaired or improved; (c)
32 extracting for hire (~~(or processing for hire)~~), except persons
33 taxable as extractors for hire (~~(or processors for hire)~~) under
34 another section of this chapter; (d) operating a cold storage
35 warehouse or storage warehouse, but not including the rental of cold
36 storage lockers; (e) representing and performing services for fire or
37 casualty insurance companies as an independent resident managing
38 general agent licensed under the provisions of chapter 48.17 RCW; (f)
39 radio and television broadcasting, but excluding revenues from

1 network, national, and regional advertising computed either: (i) As a
2 standard deduction that the department must publish by rule by
3 September 30, 2020, and by September 30th of every fifth year
4 thereafter, based on the national average thereof as reported by the
5 United States census bureau's economic census; or (ii) in lieu
6 thereof by itemization by the individual broadcasting station, and
7 excluding that portion of revenue represented by the out-of-state
8 audience computed as a ratio to the broadcasting station's total
9 audience as measured by the .5 millivolt/meter signal strength
10 contour for AM radio, the one millivolt/meter or (~~sixty~~) 60 dBu
11 signal strength contour for FM radio, the (~~twenty-eight~~) 28 dBu
12 signal strength contour for television channels two through six, the
13 (~~thirty-six~~) 36 dBu signal strength contour for television channels
14 seven through (~~thirteen~~) 13, and the (~~forty-one~~) 41 dBu signal
15 strength contour for television channels (~~fourteen~~) 14 through
16 (~~sixty-nine~~) 69 with delivery by wire, satellite, or any other
17 means, if any; (g) engaging in activities which bring a person within
18 the definition of consumer contained in RCW 82.04.190(6); as to such
19 persons, the amount of tax on such business is equal to the gross
20 income of the business multiplied by the rate of 0.484 percent.

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

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

28 (b) "Storage warehouse" means a building or structure, or any
29 part thereof, in which goods, wares, or merchandise are received for
30 storage for compensation, except field warehouses, fruit warehouses,
31 fruit packing plants, warehouses licensed under chapter 22.09 RCW,
32 public garages storing automobiles, railroad freight sheds, docks and
33 wharves, and "self-storage" or "mini storage" facilities whereby
34 customers have direct access to individual storage areas by separate
35 entrance. "Storage warehouse" does not include a building or
36 structure, or that part of such building or structure, in which an
37 activity taxable under RCW 82.04.272 is conducted.

38 (c) "Periodical or magazine" means a printed publication, other
39 than a newspaper, issued regularly at stated intervals at least once

1 every three months, including any supplement or special edition of
2 the publication.

3 **Sec. 18.** RCW 82.32.790 and 2019 c 449 s 2 are each amended to
4 read as follows:

5 (1)(a) Section ((2)) 1, chapter 449, Laws of 2019, sections 510,
6 512, 514, 516, ((518)) 520, 522, and 524, chapter 37, Laws of 2017
7 3rd sp. sess., sections ((9)) 13, 17, 22, 24, 30, 32, and 45,
8 chapter 135, Laws of 2017, sections ((104)) 110, 117, 123, 125, 129,
9 131, and 150, chapter 114, Laws of 2010, and sections 1, 2, ((3))
10 and 5 through 10, chapter 149, Laws of 2003 are contingent upon the
11 siting and commercial operation of a significant semiconductor
12 microchip fabrication facility in the state of Washington by January
13 1, 2024.

14 (b) For the purposes of this section:

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

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

19 (iii) "Significant" means the combined investment of new
20 buildings and new machinery and equipment in the buildings, at the
21 commencement of commercial production, will be at least ((one billion
22 dollars)) \$1,000,000,000.

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

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

32 (b) If, after making a determination that a contract has been
33 signed and the sections referenced in subsection (1) of this section
34 are effective, the department discovers that commencement of
35 commercial production did not take place within three years of the
36 date the contract was signed, the department must make a
37 determination that chapter 149, Laws of 2003 is no longer effective,
38 and all taxes that would have been otherwise due are deemed deferred
39 taxes and are immediately assessed and payable from any person

1 reporting tax under RCW 82.04.240(2) or claiming an exemption or
2 credit under RCW 82.04.426, 82.04.448, 82.08.965, 82.12.965,
3 82.08.970, 82.12.970, or 84.36.645. The department is not authorized
4 to make a second determination regarding the effective date of the
5 sections referenced in subsection (1) of this section.

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

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

13 NEW SECTION. **Sec. 19.** 2017 3rd sp.s. c 37 s 518, 2017 c 135 s
14 9, 2010 c 114 s 104, & 2003 c 149 s 3 are each repealed.

15 NEW SECTION. **Sec. 20.** Sections 11 through 19 of this act take
16 effect January 1, 2022.

17 **PART IV**

18 **PROVIDING PROPERTY TAX RELIEF FOR HOMEOWNERS**

19 NEW SECTION. **Sec. 21.** A new section is added to chapter 84.36
20 RCW to read as follows:

21 (1) The definitions in this subsection apply throughout this
22 section unless the context clearly requires otherwise.

23 (a) "Claimant" means an individual who has applied for or is
24 receiving a homestead exemption.

25 (b) "Homestead exemption" means an exemption from a portion of
26 state property taxes.

27 (c) "Manufactured/mobile home," "manufactured housing
28 cooperative," "mobile home park cooperative," and "park model" have
29 the same meanings as provided in RCW 59.20.030.

30 (d) "Residence" means a single-family dwelling unit whether such
31 unit is separate or part of a multiunit dwelling, including the land
32 on which such dwelling stands. "Residence" includes:

33 (i) A single-family dwelling situated upon lands the fee of which
34 is vested in or held in trust by the United States or any of its
35 instrumentalities, a federally recognized Indian tribe, the state of

1 Washington or any of its political subdivisions, or a municipal
2 corporation;

3 (ii) A single-family dwelling consisting of a manufactured/mobile
4 home or park model that has substantially lost its identity as a
5 mobile unit by virtue of its being fixed in location and placed on a
6 foundation with fixed pipe connections with sewer, water, or other
7 utilities; and

8 (iii) A single-family dwelling consisting of a floating home as
9 defined in RCW 82.45.032.

10 (2)(a) Subject to the conditions in this section, a portion of
11 the assessed value of a residence is exempt from the total state
12 property tax under RCW 84.52.065 (1) and (2). Beginning with taxes
13 levied for collection in calendar year 2023 and subject to the
14 adjustments and limitations in subsection (3) of this section, the
15 exemption from state property taxes is equal to:

16 (i) The first \$100,000 of valuation of each residential tax
17 parcel consisting of fewer than three residences; and

18 (ii) The first \$100,000 of valuation of each residence within a
19 multiunit residential dwelling wherein each residence is owned and
20 taxed separately or is owned by members of a cooperative housing
21 association, corporation, or partnership.

22 (b) For taxes levied for collection in calendar year 2024 and
23 each subsequent year thereafter, the amount of homestead exemption
24 must be increased from the prior year's exemption amount by the
25 percentage growth in the state levy for the prior calendar year. The
26 department is responsible for making a determination of any increase
27 in the amount of the homestead exemption and may round the dollar
28 amount of the homestead exemption to the nearest thousand dollars.

29 (3)(a) The county assessor must multiply the amount of the
30 homestead exemption for a tax year by the combined indicated ratio
31 fixed by the department for the county in which the residence is
32 located and used by the department to determine the equalized state
33 levy rate for that county for that tax year.

34 (b) The amount of the homestead exemption for a residence may not
35 result in a tax reduction that exceeds the amount of state property
36 taxes that would otherwise be levied on that residence.

37 (4) The homestead exemption is in addition to the exemption
38 provided in RCW 84.36.379 through 84.36.389.

39 (5)(a) The homestead exemption must be claimed and renewed on
40 declaration and renewal declaration forms developed by the department

1 or by the county assessor and approved by the department. Each county
2 assessor must make declaration and renewal declaration forms
3 available at the assessor's office, on the assessor's official
4 website, and by mail or email upon request.

5 (b) The claimant or his or her designated agent or legal guardian
6 must sign the declaration or renewal declaration declaring that the
7 property for which a homestead exemption is sought is the claimant's
8 principal residence within the meaning of subsection (6)(a) and (b)
9 of this section. If the claimant resides in a cooperative housing
10 association, corporation, or partnership, the declaration or renewal
11 declaration must also be signed by the authorized agent of such
12 cooperative. If the claimant holds a life estate in the residence for
13 which a homestead exemption is claimed and the claimant is not shown
14 on the tax rolls as the taxpayer for that residence, the remainderman
15 or other person shown on the tax rolls as the taxpayer must also sign
16 the declaration or renewal declaration. All signatures on a
17 declaration or renewal declaration must be made under penalty of
18 perjury.

19 (c) Notice of the homestead exemption and where to obtain further
20 information about the exemption must be included on or with property
21 tax statements and revaluation notices for residential property. The
22 department and each county assessor are required to publicize the
23 qualifications and manner of making claims for the homestead
24 exemption, including such paid advertisements or notices as deemed
25 appropriate in the sole discretion of the department and county
26 assessors.

27 (6) The following conditions apply to homestead exemptions:

28 (a) The residence must be occupied by the claimant as his or her
29 principal place of residence as of the date of the signed declaration
30 or renewal declaration under subsection (5) of this section. A
31 claimant who sells, transfers, or is displaced from his or her
32 residence may transfer his or her exemption status to a replacement
33 residence, but no claimant may receive a homestead exemption on more
34 than one residence in any calendar year. However, the confinement of
35 the claimant to a hospital, nursing home, assisted living facility,
36 or adult family home will not disqualify the claim of exemption if:

37 (i) The residence is temporarily unoccupied;

38 (ii) The residence is occupied by either a spouse, state
39 registered domestic partner, or a person financially dependent on the
40 claimant for support, or both; or

1 (iii) The residence is rented for the purpose of paying the
2 claimant's costs of a nursing home, hospital, assisted living
3 facility, or adult family home.

4 (b) At the time of signing the declaration or renewal
5 declaration:

6 (i) The claimant must have owned, in fee or by contract purchase,
7 or have held a life estate in, the residence for which the homestead
8 exemption is claimed; or

9 (ii) If the claimant resides in a cooperative housing
10 association, corporation, or partnership, including a mobile home
11 park cooperative or manufactured housing cooperative, the claimant
12 must own a share in the cooperative representing the unit or dwelling
13 in which he or she resides or the lot on which his or her
14 manufactured/mobile home or park model is situated.

15 (c) For purposes of this subsection, a residence owned by a
16 marital community, state registered domestic partners, or cotenants
17 is deemed to be owned by each spouse, domestic partner, or cotenant,
18 and any lease for life is deemed a life estate.

19 (d) Except as provided in (e) of this subsection, the declaration
20 form identified in subsection (5) of this section must be signed and
21 returned to the county assessor no later than June 30th for exemption
22 from state taxes payable the following year.

23 (e) A homestead exemption continues for no more than six
24 consecutive years unless a renewal declaration is filed with the
25 county assessor. At least once every six years the county assessor
26 must, no later than March 1st, notify claimants currently receiving a
27 homestead exemption of the requirement to file a renewal declaration.
28 The county assessor may also require a renewal declaration following
29 any change in state law regarding the qualifications or conditions
30 for the homestead exemption. Each claimant receiving a homestead
31 exemption must file with the county assessor a renewal declaration no
32 later than June 30th of the year the assessor notifies such person of
33 the requirement to file the renewal declaration.

34 (f)(i) The assessed value of a dwelling owned by a cooperative
35 housing association, corporation, or partnership must be reduced, for
36 purposes of state property taxes levied on the dwelling, by the
37 amount of homestead exemption to which a claimant residing in that
38 dwelling is entitled. The cooperative must pass the full amount of
39 its property tax savings under this section to its members in
40 proportion to each member's homestead exemption. The cooperative may

1 meet its obligation under this subsection (6)(f)(i) by reducing the
2 amount owed by the members to the cooperative or, if no amount be
3 owed, by making payment to the members.

4 (ii) A mobile home park cooperative or manufactured housing
5 cooperative is entitled to any unused portion of the homestead
6 exemption of its members. A mobile home park cooperative or
7 manufactured housing cooperative receiving the unused portion of the
8 homestead exemption of its members must pass the full amount of its
9 property tax savings to its members in proportion to each member's
10 unused homestead exemption. The cooperative may meet its obligation
11 under this subsection (6)(f)(ii) by reducing the amount owed by the
12 members to the cooperative or, if no amount be owed, by making
13 payment to the members. For purposes of this subsection (6)(f)(ii),
14 "unused portion of the homestead exemption" means the amount by which
15 the maximum allowable homestead exemption exceeds the assessed value
16 of the manufactured/mobile home or park model owned by a member of
17 the mobile home park cooperative or manufactured housing cooperative.

18 (g) A claimant granted a homestead exemption must immediately
19 inform the county assessor, on forms created or approved by the
20 department, of any change in status affecting the claimant's
21 entitlement to a homestead exemption.

22 (h) Where a claimant has a life estate in his or her residence
23 and a remainderman or other person would have otherwise paid the
24 state property tax exempted on the residence as a result of the
25 claimant's homestead exemption, such remainderman or other person
26 must reduce the amount owed by the claimant to the remainderman or
27 other person by the amount of the tax savings from the claimant's
28 homestead exemption. If no amount is owed by the claimant to the
29 remainderman or other person, the remainderman or other person must
30 make payment to the claimant in the full amount of the tax savings
31 from the claimant's homestead exemption.

32 (7)(a)(i) If the assessor finds that the claimant's residence
33 does not meet the qualifications for a homestead exemption, the
34 assessor must deny or cancel the homestead exemption.

35 (ii) If the assessor receives a declaration or renewal
36 declaration after the deadline in subsection (6)(d) or (e) of this
37 section, the assessor must deny the homestead exemption unless the
38 assessor determines that the claimant qualifies for the homestead
39 exemption and that good cause exists to excuse the late filing. A
40 claimant whose homestead exemption was denied or canceled because the

1 declaration or renewal declaration was filed after the deadline in
2 subsection (6)(d) or (e) of this subsection may seek a refund of
3 state property taxes paid as a result of the denial or cancellation,
4 as provided in RCW 84.69.020. For purposes of this subsection
5 (7)(a)(ii), good cause may be shown by one or more of the following
6 circumstances:

7 (A) Death or serious illness of the claimant or a member of the
8 claimant's immediate family, as defined in RCW 42.17A.005, within two
9 weeks of the due date of the declaration or renewal declaration;

10 (B) The declaration or renewal declaration was mailed timely but
11 inadvertently sent to the wrong address;

12 (C) The claimant received incorrect, ambiguous, or misleading
13 written advice regarding the qualifications or filing requirements
14 for the homestead exemption from the county assessor's staff;

15 (D) Natural disaster, such as flood or earthquake, occurring
16 within two weeks of the due date of the declaration or renewal
17 declaration;

18 (E) Delay or loss of the declaration or renewal declaration by
19 the postal service, and documented by the postal service;

20 (F) The claimant was not sent a notice of the requirement to file
21 a renewal declaration within the six-year period as required by
22 subsection (6)(e) of this section; or

23 (G) Other circumstances as the department may provide by rule.

24 (b) A denial or cancellation under this subsection is subject to
25 appeal under the provisions of RCW 84.48.010 and in accordance with
26 the provisions of RCW 84.40.038.

27 (c) If the assessor determines that the claimant had received a
28 homestead exemption in error in prior years, the county treasurer
29 must collect all state property taxes that would have been paid on
30 the claimant's residence for the prior years had the homestead
31 exemption not been claimed, not to exceed six years. Interest, but
32 not penalties, applies to such taxes and is computed at the same
33 rates and in the same way as interest is computed on delinquent
34 taxes. Taxes and interest imposed under this subsection (7)(c): (i)
35 Must be extended on the tax roll; (ii) are due within 30 days after
36 the date of the treasurer's billing for such taxes and interest; and
37 (iii) constitute a lien on the real property to which the tax and
38 interest applies as provided in chapter 84.60 RCW.

39 (8) The department may conduct audits of the administration of
40 this section and claims filed for the homestead exemption as the

1 department considers necessary. The powers of the department under
2 chapter 84.08 RCW apply to these audits.

3 (9) The homestead exemption under this section applies to the
4 total state property tax levied under RCW 84.52.065. The exemption
5 does not apply to any local property taxes.

6 (10) The department may adopt such rules in accordance with
7 chapter 34.05 RCW, and prescribe such forms, as the department deems
8 necessary and appropriate to implement and administer this section.

9 NEW SECTION. **Sec. 22.** A new section is added to chapter 84.52
10 RCW to read as follows:

11 Pursuant to the provisions of Article VII, section . . . (Senate
12 Joint Resolution No. . . . (S-0947/21)), the state levy must be
13 reduced as necessary to prevent the value exempted under the
14 homestead exemption in section 21 of this act from resulting in a
15 higher tax rate than would have occurred in the absence of the
16 homestead exemption.

17 **Sec. 23.** RCW 84.48.010 and 2017 c 155 s 1 are each amended to
18 read as follows:

19 (1) Prior to July 15th, the county legislative authority must
20 form a board for the equalization of the assessment of the property
21 of the county. The members of the board must receive a per diem
22 amount as set by the county legislative authority for each day of
23 actual attendance of the meeting of the board of equalization to be
24 paid out of the current expense fund of the county. However, when the
25 county legislative authority constitutes the board they may only
26 receive their compensation as members of the county legislative
27 authority. The board of equalization must meet in open session for
28 this purpose annually on the 15th day of July or within fourteen days
29 of certification of the county assessment rolls, whichever is later,
30 and, having each taken an oath fairly and impartially to perform
31 their duties as members of such board, they must examine and compare
32 the returns of the assessment of the property of the county and
33 proceed to equalize the same, so that each tract or lot of real
34 property and each article or class of personal property must be
35 entered on the assessment list at its true and fair value, according
36 to the measure of value used by the county assessor in such
37 assessment year, which is presumed to be correct under RCW
38 84.40.0301, and subject to the following rules:

1 (a) They must raise the valuation of each tract or lot or item of
2 real property which is returned below its true and fair value to such
3 price or sum as to be the true and fair value thereof, after at least
4 five days' notice must have been given in writing to the owner or
5 agent.

6 (b) They must reduce the valuation of each tract or lot or item
7 which is returned above its true and fair value to such price or sum
8 as to be the true and fair value thereof.

9 (c) They must raise the valuation of each class of personal
10 property which is returned below its true and fair value to such
11 price or sum as to be the true and fair value thereof, and they must
12 raise the aggregate value of the personal property of each individual
13 whenever the aggregate value is less than the true valuation of the
14 taxable personal property possessed by such individual, to such sum
15 or amount as to be the true value thereof, after at least five days'
16 notice must have been given in writing to the owner or agent thereof.

17 (d) They must reduce the valuation of each class of personal
18 property enumerated on the detail and assessment list of the current
19 year, which is returned above its true and fair value, to such price
20 or sum as to be the true and fair value thereof; and they must reduce
21 the aggregate valuation of the personal property of such individual
22 who has been assessed at too large a sum to such sum or amount as was
23 the true and fair value of the personal property.

24 (e) The board may review all claims for either real or personal
25 property tax exemption, or homestead exemptions under section 21 of
26 this act, as determined by the county assessor, and must consider any
27 taxpayer appeals from the decision of the assessor thereon to
28 determine (i) if the taxpayer is entitled to an exemption, and (ii)
29 if so, the amount thereof.

30 (2) The board must notify the taxpayer and assessor of the
31 board's decision within forty-five days of any hearing on the
32 taxpayer's appeal of the assessor's valuation of real or personal
33 property.

34 (3) The clerk of the board must keep an accurate journal or
35 record of the proceedings and orders of the board showing the facts
36 and evidence upon which their action is based, and the record must be
37 published the same as other proceedings of county legislative
38 authority, and must make a true record of the changes of the
39 descriptions and assessed values ordered by the county board of
40 equalization. The assessor must correct the real and personal

1 assessment rolls in accordance with the changes made by the county
2 board of equalization.

3 (4) The county board of equalization must meet on the 15th day of
4 July or within fourteen days of certification of the county
5 assessment rolls, whichever is later, and may continue in session and
6 adjourn from time to time during a period not to exceed four weeks,
7 but must remain in session not less than three days. However, the
8 county board of equalization with the approval of the county
9 legislative authority may convene at any time when petitions filed
10 exceed twenty-five, or ten percent of the number of appeals filed in
11 the preceding year, whichever is greater.

12 (5) No taxes, except special taxes, may be extended upon the tax
13 rolls until the property valuations are equalized by the department
14 of revenue for the purpose of raising the state revenue.

15 (6) County legislative authorities as such have at no time any
16 authority to change the valuation of the property of any person or to
17 release or commute in whole or in part the taxes due on the property
18 of any person.

19 **Sec. 24.** RCW 84.69.020 and 2017 3rd sp.s. c 13 s 310 are each
20 amended to read as follows:

21 (1) On the order of the county treasurer, ad valorem taxes paid
22 before or after delinquency must be refunded if they were:

23 ~~((1))~~ (a) Paid more than once;

24 ~~((2))~~ (b) Paid as a result of manifest error in description;

25 ~~((3))~~ (c) Paid as a result of a clerical error in extending the
26 tax rolls;

27 ~~((4))~~ (d) Paid as a result of other clerical errors in listing
28 property;

29 ~~((5))~~ (e) Paid with respect to improvements which did not exist
30 on assessment date;

31 ~~((6))~~ (f) Paid under levies or statutes adjudicated to be
32 illegal or unconstitutional;

33 ~~((7))~~ (g) Paid as a result of mistake, inadvertence, or lack of
34 knowledge by any person exempted from paying real property taxes or a
35 portion thereof pursuant to RCW 84.36.381 through 84.36.389, as now
36 or hereafter amended;

37 ~~((8))~~ (h) Paid as a result of mistake, inadvertence, or lack of
38 knowledge by either a public official or employee or by any person

1 with respect to real property in which the person paying the same has
2 no legal interest;

3 ~~((9))~~ (i) Paid on the basis of an assessed valuation which was
4 appealed to the county board of equalization and ordered reduced by
5 the board;

6 ~~((10))~~ (j) Paid on the basis of an assessed valuation which was
7 appealed to the state board of tax appeals and ordered reduced by the
8 board: PROVIDED, That the amount refunded under (i) and (j) of this
9 ~~subsection((s (9) and (10) of this section shall))~~ may only be for
10 the difference between the tax paid on the basis of the appealed
11 valuation and the tax payable on the valuation adjusted in accordance
12 with the board's order;

13 ~~((11))~~ (k) Paid as a state property tax levied upon property,
14 the assessed value of which has been established by the state board
15 of tax appeals for the year of such levy: PROVIDED, HOWEVER, That the
16 amount refunded (~~shall~~) may only be for the difference between the
17 state property tax paid and the amount of state property tax which
18 would, when added to all other property taxes within the one percent
19 limitation of Article VII, section 2 of the state Constitution equal
20 one percent of the assessed value established by the board;

21 ~~((12))~~ (l) Paid on the basis of an assessed valuation which was
22 adjudicated to be unlawful or excessive: PROVIDED, That the amount
23 refunded (~~shall be~~) is for the difference between the amount of tax
24 which was paid on the basis of the valuation adjudged unlawful or
25 excessive and the amount of tax payable on the basis of the assessed
26 valuation determined as a result of the proceeding;

27 ~~((13))~~ (m) Paid on property acquired under RCW 84.60.050, and
28 canceled under RCW 84.60.050(2);

29 ~~((14))~~ (n) Paid on the basis of an assessed valuation that was
30 reduced under RCW 84.48.065;

31 ~~((15))~~ (o) Paid on the basis of an assessed valuation that was
32 reduced under RCW 84.40.039; or

33 ~~((16))~~ (p) Abated under RCW 84.70.010.

34 (2) No refunds under the provisions of this section (~~shall~~) may
35 be made because of any error in determining the valuation of
36 property, except as authorized in subsection(~~s (9), (10), (11), and~~
37 ~~(12))~~ (1) (i) through (l) of this section nor may any refunds be
38 made if a bona fide purchaser has acquired rights that would preclude
39 the assessment and collection of the refunded tax from the property
40 that should properly have been charged with the tax. Any refunds made

1 on delinquent taxes must include the proportionate amount of interest
2 and penalties paid. However, no refunds as a result of an incorrect
3 payment authorized under subsection (~~((8))~~) (1)(h) of this section
4 made by a third party payee (~~(shall)~~) may be granted. The county
5 treasurer may deduct from moneys collected for the benefit of the
6 state's levies, refunds of the state's levies including interest on
7 the levies as provided by this section and chapter 84.68 RCW.

8 (3) The county treasurer of each county must make all refunds
9 determined to be authorized by this section, and by the first Monday
10 in February of each year, report to the county legislative authority
11 a list of all refunds made under this section during the previous
12 year. The list is to include the name of the person receiving the
13 refund, the amount of the refund, and the reason for the refund.

14 NEW SECTION. **Sec. 25.** Sections 21 through 24 of this act take
15 effect January 1, 2022, if the proposed amendment to Article VII of
16 the state Constitution (Senate Joint Resolution No. . . .
17 (S-0947/21)), providing for a homestead exemption, is validly
18 submitted to and is approved and ratified by the voters at the next
19 general election.

20 **PART V**

21 **DEDICATING MOTOR VEHICLE SALES TAX TO TRANSPORTATION**

22 NEW SECTION. **Sec. 26.** It is the intent of the legislature to
23 ensure Washington's transportation infrastructure can support the
24 safe and efficient movement of people and goods. Primary funding for
25 transportation infrastructure efforts comes from the state portion of
26 the fuel tax and fees for registering motor vehicles, which have
27 economic and political vulnerabilities that can limit their
28 reliability. The legislature intends to establish an additional
29 funding source that would not be subject to bonding, and therefore
30 offer greater flexibility and efficiency in addressing transportation
31 infrastructure needs. The legislature finds that dedicating the sales
32 tax revenue on vehicle sales to the transportation budget would
33 reinforce the state's ability to provide the 21st century
34 transportation system that the people of Washington can and should
35 expect.

1 **Sec. 27.** RCW 82.08.020 and 2014 c 140 s 12 are each amended to
2 read as follows:

3 (1) There is levied and collected a tax equal to six and five-
4 tenths percent of the selling price on each retail sale in this state
5 of:

6 (a) Tangible personal property, unless the sale is specifically
7 excluded from the RCW 82.04.050 definition of retail sale;

8 (b) Digital goods, digital codes, and digital automated services,
9 if the sale is included within the RCW 82.04.050 definition of retail
10 sale;

11 (c) Services, other than digital automated services, included
12 within the RCW 82.04.050 definition of retail sale;

13 (d) Extended warranties to consumers; and

14 (e) Anything else, the sale of which is included within the RCW
15 82.04.050 definition of retail sale.

16 (2) There is levied and collected an additional tax on each
17 retail car rental, regardless of whether the vehicle is licensed in
18 this state, equal to five and nine-tenths percent of the selling
19 price. The revenue collected under this subsection must be deposited
20 in the multimodal transportation account created in RCW 47.66.070.

21 (3) (a) Beginning July 1, 2003, there is levied and collected an
22 additional tax of three-tenths of one percent of the selling price on
23 each retail sale of a motor vehicle in this state, other than retail
24 car rentals taxed under subsection (2) of this section. The revenue
25 collected under this subsection must be deposited in the multimodal
26 transportation account created in RCW 47.66.070.

27 ~~((4))~~ (b) For purposes of this subsection (3) ~~((of this~~
28 ~~section))~~, "motor vehicle" has the meaning provided in RCW 46.04.320,
29 but does not include:

30 ~~((a))~~ (i) Farm tractors or farm vehicles as defined in RCW
31 46.04.180 and 46.04.181, unless the farm tractor or farm vehicle is
32 for use in the production of marijuana;

33 ~~((b))~~ (ii) Off-road vehicles as defined in RCW 46.04.365;

34 ~~((c))~~ (iii) Nonhighway vehicles as defined in RCW 46.09.310;
35 and

36 ~~((d))~~ (iv) Snowmobiles as defined in RCW 46.04.546.

37 (4) (a) Revenue collected under subsection (1) of this section on
38 each new and used retail sales of a vehicle in this state, including
39 private-party sales, but excluding retail car rentals taxed under

1 subsection (2) of this section, must be deposited in the congestion
2 relief and safety account as follows:

3 (i) Beginning January 1, 2022, and ending June 30, 2022, 20
4 percent must be deposited in the congestion relief and safety account
5 and the remainder must be deposited in the general fund;

6 (ii) Beginning July 1, 2022, and ending June 30, 2023, 40 percent
7 must be deposited in the congestion relief and safety account and the
8 remainder must be deposited in the general fund;

9 (iii) Beginning July 1, 2023, and ending June 30, 2024, 60
10 percent must be deposited in the congestion relief and safety account
11 and the remainder must be deposited in the general fund;

12 (iv) Beginning July 1, 2024, and ending June 30, 2025, 80 percent
13 must be deposited in the congestion relief and safety account and the
14 remainder must be deposited in the general fund; and

15 (v) Beginning July 1, 2025, all revenue must be deposited in the
16 congestion relief and safety account.

17 (b) For purposes of this subsection (4), "vehicle" has the
18 meaning provided in RCW 46.04.670 including, but not limited to,
19 passenger vehicles, light trucks, commercial vehicles, travel
20 trailers, recreational vehicles, intermittent use trailers,
21 motorcycles, and campers, but "vehicle" does not include:

22 (i) Farm tractors or farm vehicles as defined in RCW 46.04.180
23 and 46.04.181, unless the farm tractor or farm vehicle is for use in
24 the production of marijuana;

25 (ii) Off-road vehicles as defined in RCW 46.04.365;

26 (iii) Nonhighway vehicles as defined in RCW 46.09.310;

27 (iv) Bicycles as defined in RCW 46.04.071; and

28 (v) Snowmobiles as defined in RCW 46.04.546.

29 (5) Beginning on December 8, 2005, 0.16 percent of the taxes
30 collected under subsection (1) of this section must be dedicated to
31 funding comprehensive performance audits required under RCW
32 43.09.470. The revenue identified in this subsection must be
33 deposited in the performance audits of government account created in
34 RCW 43.09.475.

35 (6) The taxes imposed under this chapter apply to successive
36 retail sales of the same property.

37 (7) The rates provided in this section apply to taxes imposed
38 under chapter 82.12 RCW as provided in RCW 82.12.020.

1 **Sec. 28.** RCW 82.12.020 and 2017 c 323 s 520 are each amended to
2 read as follows:

3 (1) There is levied and collected from every person in this state
4 a tax or excise for the privilege of using within this state as a
5 consumer any:

6 (a) Article of tangible personal property acquired by the user in
7 any manner, including tangible personal property acquired at a casual
8 or isolated sale, and including by-products used by the manufacturer
9 thereof, except as otherwise provided in this chapter, irrespective
10 of whether the article or similar articles are manufactured or are
11 available for purchase within this state;

12 (b) Prewritten computer software, regardless of the method of
13 delivery, but excluding prewritten computer software that is either
14 provided free of charge or is provided for temporary use in viewing
15 information, or both;

16 (c) Services defined as a retail sale in RCW 82.04.050 (2) (a) or
17 (g) or (6)(c), excluding services defined as a retail sale in RCW
18 82.04.050(6)(c) that are provided free of charge;

19 (d) Extended warranty; or

20 (e)(i) Digital good, digital code, or digital automated service,
21 including the use of any services provided by a seller exclusively in
22 connection with digital goods, digital codes, or digital automated
23 services, whether or not a separate charge is made for such services.

24 (ii) With respect to the use of digital goods, digital automated
25 services, and digital codes acquired by purchase, the tax imposed in
26 this subsection (1)(e) applies in respect to:

27 (A) Sales in which the seller has granted the purchaser the right
28 of permanent use;

29 (B) Sales in which the seller has granted the purchaser a right
30 of use that is less than permanent;

31 (C) Sales in which the purchaser is not obligated to make
32 continued payment as a condition of the sale; and

33 (D) Sales in which the purchaser is obligated to make continued
34 payment as a condition of the sale.

35 (iii) With respect to digital goods, digital automated services,
36 and digital codes acquired other than by purchase, the tax imposed in
37 this subsection (1)(e) applies regardless of whether or not the
38 consumer has a right of permanent use or is obligated to make
39 continued payment as a condition of use.

1 (2) The provisions of this chapter do not apply in respect to the
2 use of any article of tangible personal property, extended warranty,
3 digital good, digital code, digital automated service, or service
4 taxable under RCW 82.04.050 (2) (a) or (g) or (6)(c), if the sale to,
5 or the use by, the present user or the present user's bailor or donor
6 has already been subjected to the tax under chapter 82.08 RCW or this
7 chapter and the tax has been paid by the present user or by the
8 present user's bailor or donor.

9 (3)(a) Except as provided in this section, payment of the tax
10 imposed by this chapter or chapter 82.08 RCW by one purchaser or user
11 of tangible personal property, extended warranty, digital good,
12 digital code, digital automated service, or other service does not
13 have the effect of exempting any other purchaser or user of the same
14 property, extended warranty, digital good, digital code, digital
15 automated service, or other service from the taxes imposed by such
16 chapters.

17 (b) The tax imposed by this chapter does not apply:

18 (i) If the sale to, or the use by, the present user or his or her
19 bailor or donor has already been subjected to the tax under chapter
20 82.08 RCW or this chapter and the tax has been paid by the present
21 user or by his or her bailor or donor;

22 (ii) In respect to the use of any article of tangible personal
23 property acquired by bailment and the tax has once been paid based on
24 reasonable rental as determined by RCW 82.12.060 measured by the
25 value of the article at time of first use multiplied by the tax rate
26 imposed by chapter 82.08 RCW or this chapter as of the time of first
27 use;

28 (iii) In respect to the use of any article of tangible personal
29 property acquired by bailment, if the property was acquired by a
30 previous bailee from the same bailor for use in the same general
31 activity and the original bailment was prior to June 9, 1961; or

32 (iv) To the use of digital goods or digital automated services,
33 which were obtained through the use of a digital code, if the sale of
34 the digital code to, or the use of the digital code by, the present
35 user or the present user's bailor or donor has already been subjected
36 to the tax under chapter 82.08 RCW or this chapter and the tax has
37 been paid by the present user or by the present user's bailor or
38 donor.

39 (4)(a) Except as provided in (b) of this subsection (4), the tax
40 is levied and must be collected in an amount equal to the value of

1 the article used, value of the digital good or digital code used,
2 value of the extended warranty used, or value of the service used by
3 the taxpayer, multiplied by the applicable rates in effect for the
4 retail sales tax under RCW 82.08.020.

5 (b) In the case of a seller required to collect use tax from the
6 purchaser, the tax must be collected in an amount equal to the
7 purchase price multiplied by the applicable rate in effect for the
8 retail sales tax under RCW 82.08.020.

9 (5) For purposes of the tax imposed in this section, "person"
10 includes anyone within the definition of "buyer," "purchaser," and
11 "consumer" in RCW 82.08.010.

12 (6)(a) Use tax revenue collected under subsection (1) of this
13 section on the use of each new and used vehicle in this state, but
14 excluding retail car rentals taxed under RCW 82.08.020, must be
15 deposited in the congestion relief and safety account as follows:

16 (i) Beginning January 1, 2022, and ending June 30, 2022, 20
17 percent must be deposited in the congestion relief and safety account
18 and the remainder must be deposited in the general fund;

19 (ii) Beginning July 1, 2022, and ending June 30, 2023, 40 percent
20 must be deposited in the congestion relief and safety account and the
21 remainder must be deposited in the general fund;

22 (iii) Beginning July 1, 2023, and ending June 30, 2024, 60
23 percent must be deposited in the congestion relief and safety account
24 and the remainder must be deposited in the general fund;

25 (iv) Beginning July 1, 2024, and ending June 30, 2025, 80 percent
26 must be deposited in the congestion relief and safety account and the
27 remainder must be deposited in the general fund; and

28 (v) Beginning July 1, 2025, all revenue must be deposited in the
29 congestion relief and safety account.

30 (b) For purposes of this subsection (6):

31 (i) "Highway purposes" also includes preservation; and

32 (ii) "Vehicle" has the meaning provided in RCW 46.04.670
33 including, but not limited to, passenger vehicles, light trucks,
34 commercial vehicles, travel trailers, recreational vehicles,
35 intermittent use trailers, motorcycles, and campers, but "vehicle"
36 does not include:

37 (A) Farm tractors or farm vehicles as defined in RCW 46.04.180
38 and 46.04.181, unless the farm tractor or farm vehicle is for use in
39 the production of marijuana;

40 (B) Off-road vehicles as defined in RCW 46.04.365;

1 (C) Nonhighway vehicles as defined in RCW 46.09.310;

2 (D) Bicycles as defined in RCW 46.04.071; and

3 (E) Snowmobiles as defined in RCW 46.04.546.

4 NEW SECTION. **Sec. 29.** A new section is added to chapter 46.68
5 RCW to read as follows:

6 (1) The congestion relief and safety account is created in the
7 state treasury. Moneys in the account may be spent only after
8 appropriation. Expenditures from the account may be used only for
9 transportation projects, programs, or activities based on the
10 percentage of historical spending of 18th amendment restricted funds
11 and noneineteenth amendment restricted funds as determined under
12 subsection (2) of this section.

13 (2) By November 1st of each even-numbered year, the joint
14 transportation committee must determine the historical percentage
15 spent from 18th amendment restricted funds and noneineteenth
16 amendment restricted funds based on the three most recently completed
17 fiscal biennia. This information must be transmitted to the office of
18 financial management and the house and senate transportation
19 committees of the legislature to be used in the development of their
20 respective omnibus transportation appropriations.

21 (3) All sales and use tax revenues on new and used vehicles
22 deposited into the congestion relief and safety account pursuant to
23 RCW 82.08.020 and 82.12.020 must be used exclusively on a cash
24 funding basis for transportation projects, programs, and activities,
25 including reducing the reliance on transportation-related debt
26 obligations pursuant to subsection (4) of this section. All sales and
27 use tax revenues on new and used vehicles deposited into the
28 congestion relief and safety account pursuant to RCW 82.08.020 and
29 82.12.020 may not be used for any new revenue bond issues or used as
30 a source for any other type of debt or similar type of financing
31 mechanism.

32 (4) Part of the purpose in the allocation of additional resources
33 from the sales and use tax revenues on new and used vehicles into the
34 congestion relief and safety account pursuant to RCW 82.08.020 and
35 82.12.020 is to lower the overall reliance on debt financing for
36 transportation projects and infrastructure. Beginning December 1,
37 2023, and each two years thereafter, the state treasurer must prepare
38 a report that shows the impact of this act on the reliance of debt
39 financing for transportation appropriations.

1 (5) Nothing in this section may be construed so as to violate any
2 terms or conditions contained in any highway construction bond issues
3 now or hereafter authorized by statute and whose payment is by such
4 statute pledged to be paid from any excise taxes on fuel.

5 **Sec. 30.** RCW 43.84.092 and 2020 c 354 s 11, 2020 c 221 s 5, 2020
6 c 148 s 3, 2020 c 103 s 7, and 2020 c 18 s 3 are each reenacted and
7 amended to read as follows:

8 (1) All earnings of investments of surplus balances in the state
9 treasury shall be deposited to the treasury income account, which
10 account is hereby established in the state treasury.

11 (2) The treasury income account shall be utilized to pay or
12 receive funds associated with federal programs as required by the
13 federal cash management improvement act of 1990. The treasury income
14 account is subject in all respects to chapter 43.88 RCW, but no
15 appropriation is required for refunds or allocations of interest
16 earnings required by the cash management improvement act. Refunds of
17 interest to the federal treasury required under the cash management
18 improvement act fall under RCW 43.88.180 and shall not require
19 appropriation. The office of financial management shall determine the
20 amounts due to or from the federal government pursuant to the cash
21 management improvement act. The office of financial management may
22 direct transfers of funds between accounts as deemed necessary to
23 implement the provisions of the cash management improvement act, and
24 this subsection. Refunds or allocations shall occur prior to the
25 distributions of earnings set forth in subsection (4) of this
26 section.

27 (3) Except for the provisions of RCW 43.84.160, the treasury
28 income account may be utilized for the payment of purchased banking
29 services on behalf of treasury funds including, but not limited to,
30 depository, safekeeping, and disbursement functions for the state
31 treasury and affected state agencies. The treasury income account is
32 subject in all respects to chapter 43.88 RCW, but no appropriation is
33 required for payments to financial institutions. Payments shall occur
34 prior to distribution of earnings set forth in subsection (4) of this
35 section.

36 (4) Monthly, the state treasurer shall distribute the earnings
37 credited to the treasury income account. The state treasurer shall
38 credit the general fund with all the earnings credited to the
39 treasury income account except:

1 (a) The following accounts and funds shall receive their
2 proportionate share of earnings based upon each account's and fund's
3 average daily balance for the period: The abandoned recreational
4 vehicle disposal account, the aeronautics account, the Alaskan Way
5 viaduct replacement project account, the ambulance transport fund,
6 the brownfield redevelopment trust fund account, the budget
7 stabilization account, the capital vessel replacement account, the
8 capitol building construction account, the Central Washington
9 University capital projects account, the charitable, educational,
10 penal and reformatory institutions account, the Chehalis basin
11 account, the Chehalis basin taxable account, the cleanup settlement
12 account, the Columbia river basin water supply development account,
13 the Columbia river basin taxable bond water supply development
14 account, the Columbia river basin water supply revenue recovery
15 account, the common school construction fund, the community forest
16 trust account, the congestion relief and safety account, the
17 connecting Washington account, the county arterial preservation
18 account, the county criminal justice assistance account, the deferred
19 compensation administrative account, the deferred compensation
20 principal account, the department of licensing services account, the
21 department of retirement systems expense account, the developmental
22 disabilities community (~~trust~~) services account, the diesel idle
23 reduction account, the drinking water assistance account, the
24 administrative subaccount of the drinking water assistance account,
25 the early learning facilities development account, the early learning
26 facilities revolving account, the Eastern Washington University
27 capital projects account, the education construction fund, the
28 education legacy trust account, the election account, the electric
29 vehicle account, the energy freedom account, the energy recovery act
30 account, the essential rail assistance account, The Evergreen State
31 College capital projects account, the ferry bond retirement fund, the
32 fish, wildlife, and conservation account, the freight mobility
33 investment account, the freight mobility multimodal account, the
34 grade crossing protective fund, the public health services account,
35 the state higher education construction account, the higher education
36 construction account, the higher education retirement plan
37 supplemental benefit fund, the highway bond retirement fund, the
38 highway infrastructure account, the highway safety fund, the hospital
39 safety net assessment fund, the Interstate 405 and state route number
40 167 express toll lanes account, the judges' retirement account, the

1 judicial retirement administrative account, the judicial retirement
2 principal account, the limited fish and wildlife account, the local
3 leasehold excise tax account, the local real estate excise tax
4 account, the local sales and use tax account, the marine resources
5 stewardship trust account, the medical aid account, the money-
6 purchase retirement savings administrative account, the money-
7 purchase retirement savings principal account, the motor vehicle
8 fund, the motorcycle safety education account, the multimodal
9 transportation account, the multiuse roadway safety account, the
10 municipal criminal justice assistance account, the oyster reserve
11 land account, the pension funding stabilization account, the
12 perpetual surveillance and maintenance account, the pilotage account,
13 the pollution liability insurance agency underground storage tank
14 revolving account, the public employees' retirement system plan 1
15 account, the public employees' retirement system combined plan 2 and
16 plan 3 account, the public facilities construction loan revolving
17 account, the public health supplemental account, the public works
18 assistance account, the Puget Sound capital construction account, the
19 Puget Sound ferry operations account, the Puget Sound Gateway
20 facility account, the Puget Sound taxpayer accountability account,
21 the real estate appraiser commission account, the recreational
22 vehicle account, the regional mobility grant program account, the
23 resource management cost account, the rural arterial trust account,
24 the rural mobility grant program account, the rural Washington loan
25 fund, the sexual assault prevention and response account, the site
26 closure account, the skilled nursing facility safety net trust fund,
27 the small city pavement and sidewalk account, the special category C
28 account, the special wildlife account, the state investment board
29 expense account, the state investment board commingled trust fund
30 accounts, the state patrol highway account, the state reclamation
31 revolving account, the state route number 520 civil penalties
32 account, the state route number 520 corridor account, the statewide
33 broadband account, the statewide tourism marketing account, the
34 supplemental pension account, the Tacoma Narrows toll bridge account,
35 the teachers' retirement system plan 1 account, the teachers'
36 retirement system combined plan 2 and plan 3 account, the tobacco
37 prevention and control account, the tobacco settlement account, the
38 toll facility bond retirement account, the transportation 2003
39 account (nickel account), the transportation equipment fund, the
40 transportation future funding program account, the transportation

1 improvement account, the transportation improvement board bond
2 retirement account, the transportation infrastructure account, the
3 transportation partnership account, the traumatic brain injury
4 account, the University of Washington bond retirement fund, the
5 University of Washington building account, the voluntary cleanup
6 account, the volunteer firefighters' and reserve officers' relief and
7 pension principal fund, the volunteer firefighters' and reserve
8 officers' administrative fund, the vulnerable roadway user education
9 account, the Washington judicial retirement system account, the
10 Washington law enforcement officers' and firefighters' system plan 1
11 retirement account, the Washington law enforcement officers' and
12 firefighters' system plan 2 retirement account, the Washington public
13 safety employees' plan 2 retirement account, the Washington school
14 employees' retirement system combined plan 2 and 3 account, the
15 Washington state patrol retirement account, the Washington State
16 University building account, the Washington State University bond
17 retirement fund, the water pollution control revolving administration
18 account, the water pollution control revolving fund, the Western
19 Washington University capital projects account, the Yakima integrated
20 plan implementation account, the Yakima integrated plan
21 implementation revenue recovery account, and the Yakima integrated
22 plan implementation taxable bond account. Earnings derived from
23 investing balances of the agricultural permanent fund, the normal
24 school permanent fund, the permanent common school fund, the
25 scientific permanent fund, and the state university permanent fund
26 shall be allocated to their respective beneficiary accounts.

27 (b) Any state agency that has independent authority over accounts
28 or funds not statutorily required to be held in the state treasury
29 that deposits funds into a fund or account in the state treasury
30 pursuant to an agreement with the office of the state treasurer shall
31 receive its proportionate share of earnings based upon each account's
32 or fund's average daily balance for the period.

33 (5) In conformance with Article II, section 37 of the state
34 Constitution, no treasury accounts or funds shall be allocated
35 earnings without the specific affirmative directive of this section.

36 **Sec. 31.** RCW 43.84.092 and 2020 c 221 s 5, 2020 c 148 s 3, 2020
37 c 103 s 7, and 2020 c 18 s 3 are each reenacted and amended to read
38 as follows:

1 (1) All earnings of investments of surplus balances in the state
2 treasury shall be deposited to the treasury income account, which
3 account is hereby established in the state treasury.

4 (2) The treasury income account shall be utilized to pay or
5 receive funds associated with federal programs as required by the
6 federal cash management improvement act of 1990. The treasury income
7 account is subject in all respects to chapter 43.88 RCW, but no
8 appropriation is required for refunds or allocations of interest
9 earnings required by the cash management improvement act. Refunds of
10 interest to the federal treasury required under the cash management
11 improvement act fall under RCW 43.88.180 and shall not require
12 appropriation. The office of financial management shall determine the
13 amounts due to or from the federal government pursuant to the cash
14 management improvement act. The office of financial management may
15 direct transfers of funds between accounts as deemed necessary to
16 implement the provisions of the cash management improvement act, and
17 this subsection. Refunds or allocations shall occur prior to the
18 distributions of earnings set forth in subsection (4) of this
19 section.

20 (3) Except for the provisions of RCW 43.84.160, the treasury
21 income account may be utilized for the payment of purchased banking
22 services on behalf of treasury funds including, but not limited to,
23 depository, safekeeping, and disbursement functions for the state
24 treasury and affected state agencies. The treasury income account is
25 subject in all respects to chapter 43.88 RCW, but no appropriation is
26 required for payments to financial institutions. Payments shall occur
27 prior to distribution of earnings set forth in subsection (4) of this
28 section.

29 (4) Monthly, the state treasurer shall distribute the earnings
30 credited to the treasury income account. The state treasurer shall
31 credit the general fund with all the earnings credited to the
32 treasury income account except:

33 (a) The following accounts and funds shall receive their
34 proportionate share of earnings based upon each account's and fund's
35 average daily balance for the period: The abandoned recreational
36 vehicle disposal account, the aeronautics account, the Alaskan Way
37 viaduct replacement project account, the brownfield redevelopment
38 trust fund account, the budget stabilization account, the capital
39 vessel replacement account, the capitol building construction
40 account, the Central Washington University capital projects account,

1 the charitable, educational, penal and reformatory institutions
2 account, the Chehalis basin account, the Chehalis basin taxable
3 account, the cleanup settlement account, the Columbia river basin
4 water supply development account, the Columbia river basin taxable
5 bond water supply development account, the Columbia river basin water
6 supply revenue recovery account, the common school construction fund,
7 the community forest trust account, the congestion relief and safety
8 account, the connecting Washington account, the county arterial
9 preservation account, the county criminal justice assistance account,
10 the deferred compensation administrative account, the deferred
11 compensation principal account, the department of licensing services
12 account, the department of retirement systems expense account, the
13 developmental disabilities community (~~(trust)~~) services account, the
14 diesel idle reduction account, the drinking water assistance account,
15 the administrative subaccount of the drinking water assistance
16 account, the early learning facilities development account, the early
17 learning facilities revolving account, the Eastern Washington
18 University capital projects account, the education construction fund,
19 the education legacy trust account, the election account, the
20 electric vehicle account, the energy freedom account, the energy
21 recovery act account, the essential rail assistance account, The
22 Evergreen State College capital projects account, the ferry bond
23 retirement fund, the fish, wildlife, and conservation account, the
24 freight mobility investment account, the freight mobility multimodal
25 account, the grade crossing protective fund, the public health
26 services account, the state higher education construction account,
27 the higher education construction account, the higher education
28 retirement plan supplemental benefit fund, the highway bond
29 retirement fund, the highway infrastructure account, the highway
30 safety fund, the hospital safety net assessment fund, the Interstate
31 405 and state route number 167 express toll lanes account, the
32 judges' retirement account, the judicial retirement administrative
33 account, the judicial retirement principal account, the limited fish
34 and wildlife account, the local leasehold excise tax account, the
35 local real estate excise tax account, the local sales and use tax
36 account, the marine resources stewardship trust account, the medical
37 aid account, the money-purchase retirement savings administrative
38 account, the money-purchase retirement savings principal account, the
39 motor vehicle fund, the motorcycle safety education account, the
40 multimodal transportation account, the multiuse roadway safety

1 account, the municipal criminal justice assistance account, the
2 oyster reserve land account, the pension funding stabilization
3 account, the perpetual surveillance and maintenance account, the
4 pilotage account, the pollution liability insurance agency
5 underground storage tank revolving account, the public employees'
6 retirement system plan 1 account, the public employees' retirement
7 system combined plan 2 and plan 3 account, the public facilities
8 construction loan revolving account, the public health supplemental
9 account, the public works assistance account, the Puget Sound capital
10 construction account, the Puget Sound ferry operations account, the
11 Puget Sound Gateway facility account, the Puget Sound taxpayer
12 accountability account, the real estate appraiser commission account,
13 the recreational vehicle account, the regional mobility grant program
14 account, the resource management cost account, the rural arterial
15 trust account, the rural mobility grant program account, the rural
16 Washington loan fund, the sexual assault prevention and response
17 account, the site closure account, the skilled nursing facility
18 safety net trust fund, the small city pavement and sidewalk account,
19 the special category C account, the special wildlife account, the
20 state investment board expense account, the state investment board
21 commingled trust fund accounts, the state patrol highway account, the
22 state reclamation revolving account, the state route number 520 civil
23 penalties account, the state route number 520 corridor account, the
24 statewide broadband account, the statewide tourism marketing account,
25 the supplemental pension account, the Tacoma Narrows toll bridge
26 account, the teachers' retirement system plan 1 account, the
27 teachers' retirement system combined plan 2 and plan 3 account, the
28 tobacco prevention and control account, the tobacco settlement
29 account, the toll facility bond retirement account, the
30 transportation 2003 account (nickel account), the transportation
31 equipment fund, the transportation future funding program account,
32 the transportation improvement account, the transportation
33 improvement board bond retirement account, the transportation
34 infrastructure account, the transportation partnership account, the
35 traumatic brain injury account, the University of Washington bond
36 retirement fund, the University of Washington building account, the
37 voluntary cleanup account, the volunteer firefighters' and reserve
38 officers' relief and pension principal fund, the volunteer
39 firefighters' and reserve officers' administrative fund, the
40 vulnerable roadway user education account, the Washington judicial

1 retirement system account, the Washington law enforcement officers'
2 and firefighters' system plan 1 retirement account, the Washington
3 law enforcement officers' and firefighters' system plan 2 retirement
4 account, the Washington public safety employees' plan 2 retirement
5 account, the Washington school employees' retirement system combined
6 plan 2 and 3 account, the Washington state patrol retirement account,
7 the Washington State University building account, the Washington
8 State University bond retirement fund, the water pollution control
9 revolving administration account, the water pollution control
10 revolving fund, the Western Washington University capital projects
11 account, the Yakima integrated plan implementation account, the
12 Yakima integrated plan implementation revenue recovery account, and
13 the Yakima integrated plan implementation taxable bond account.
14 Earnings derived from investing balances of the agricultural
15 permanent fund, the normal school permanent fund, the permanent
16 common school fund, the scientific permanent fund, and the state
17 university permanent fund shall be allocated to their respective
18 beneficiary accounts.

19 (b) Any state agency that has independent authority over accounts
20 or funds not statutorily required to be held in the state treasury
21 that deposits funds into a fund or account in the state treasury
22 pursuant to an agreement with the office of the state treasurer shall
23 receive its proportionate share of earnings based upon each account's
24 or fund's average daily balance for the period.

25 (5) In conformance with Article II, section 37 of the state
26 Constitution, no treasury accounts or funds shall be allocated
27 earnings without the specific affirmative directive of this section.

28 NEW SECTION. **Sec. 32.** Section 30 of this act expires July 1,
29 2024.

30 NEW SECTION. **Sec. 33.** Section 31 of this act takes effect July
31 1, 2024.

32 NEW SECTION. **Sec. 34.** The secretary of state shall submit this
33 act to the people for their adoption and ratification, or rejection,
34 at the next general election to be held in this state, in accordance
35 with Article II, section 1 of the state Constitution and the laws
36 adopted to facilitate its operation."

2SSB 5126 - S AMD 571

By Senator Braun

NOT ADOPTED 04/08/2021

1 On page 1, line 1 of the title, after "Relating to" strike the
2 remainder of the title and insert "a carbon pollution tax to provide
3 tax relief, mitigate climate risk, and stabilize transportation
4 funding; amending RCW 82.08.0206, 82.04.240, 82.04.2404, 82.04.260,
5 82.04.2909, 82.04.294, 82.04.280, 82.32.790, 84.48.010, 84.69.020,
6 82.08.020, and 82.12.020; reenacting and amending RCW 43.84.092 and
7 43.84.092; adding a new section to chapter 84.36 RCW; adding a new
8 section to chapter 84.52 RCW; adding a new section to chapter 46.68
9 RCW; adding a new chapter to Title 82 RCW; creating new sections;
10 repealing 2017 3rd sp.s. c 37 s 518, 2017 c 135 s 9, 2010 c 114 s
11 104, and 2003 c 149 s 3; providing effective dates; providing a
12 contingent effective date; providing an expiration date; and
13 providing for submission of this act to a vote of the people."

EFFECT: Imposes a carbon pollution tax beginning July 1, 2022, equal to \$15 per metric ton of greenhouse gas emissions on the sale or use of all fossil fuel within the state of Washington, except for the sale or use of electricity in Washington generated using fossil fuels.

Increases the tax rate annually by inflation, as measured by the consumer price index, plus 5 percent beginning July 1, 2023.

Implements the working families tax exemption beginning in 2023 equal to the greater of 10 percent of the federal credit or fifty dollars.

Eliminates the B&O tax for all manufacturing and timber extracting activities.

Exempts the first \$100,000 of valuation of a person's principal residence from state property tax beginning in calendar year 2023.

Dedicates state sales and use tax on new and used motor vehicles to transportation purposes over a five-year period beginning in FY 2022.

Requires the first \$500 million of carbon pollution tax proceeds to be deposited in a proposed forest resiliency account for implementation of the department of natural resources' forest health plan and requires all remaining proceeds to be deposited in the state general fund.

Submits the act to the voters for a referendum vote.

--- END ---