

**2SSB 5126 - S AMD 680**

By Senator Braun

**RULED BEYOND SCOPE 04/08/2021**

1 On page 58, after line 32, insert the following:

2 "NEW SECTION. **Sec. 31.** The legislature finds that the  
3 manufacturing industry in Washington is an important source of jobs  
4 that pay significantly more than the average state wage. The  
5 legislature also finds that even prior to the coronavirus pandemic,  
6 the manufacturing industry had lost more than 43,000 jobs during the  
7 21st century, while other leading Washington industries have  
8 collectively added hundreds of thousands of jobs. The legislature  
9 further finds that the coronavirus pandemic has exposed the  
10 detriments of limited manufacturing capacity at times when the people  
11 need a reliable supply of basic core products and goods.

12 It is the intent of the legislature to encourage a resurgence of  
13 manufacturing capacity in Washington and the creation of family-wage  
14 jobs by reducing the tax burden on the manufacturing industry. It is  
15 intended that sections 31 through 41 of this act will not only  
16 enhance the security of the public by promoting self-sufficiency, but  
17 also draw new industries to Washington.

18 **Sec. 32.** RCW 82.04.240 and 2004 c 24 s 4 are each amended to  
19 read as follows:

20 Upon every person engaging within this state in business as a  
21 manufacturer or processor for hire, except persons taxable as  
22 manufacturers or processors for hire under other provisions of this  
23 chapter; as to such persons the amount of the tax with respect to  
24 such business shall be equal to the value of the products, including  
25 by-products, manufactured or processed, multiplied by the rate (~~of~~  
26 ~~0.484 percent~~) specified in section 40 of this act.

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

1       **Sec. 33.** RCW 82.04.2404 and 2017 3rd sp.s. c 37 s 503 are each  
2 amended to read as follows:

3       (1) Upon every person engaging within this state in the business  
4 of manufacturing or processing for hire semiconductor materials, as  
5 to such persons the amount of tax with respect to such business is,  
6 in the case of manufacturers, equal to the value of the product  
7 manufactured, or, in the case of processors for hire, equal to the  
8 gross income of the business, multiplied by the rate (~~(of 0.275~~  
9 ~~percent)) specified in section 40 of this act.~~

10       (2) For the purposes of this section "semiconductor materials"  
11 means silicon crystals, silicon ingots, raw polished semiconductor  
12 wafers, and compound semiconductor wafers.

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

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

19       ~~(a) The number of persons employed by the person claiming the tax~~  
20 ~~preference is less than ninety percent of the person's three-year~~  
21 ~~employment average for the three years immediately preceding the year~~  
22 ~~in which the preferential tax rate is claimed; or~~

23       ~~(b) The person is subject to a review under section 501(4)(a),~~  
24 ~~chapter 37, Laws of 2017 3rd sp. sess. and such person does not meet~~  
25 ~~performance criteria in section 501(4)(a), chapter 37, Laws of 2017~~  
26 ~~3rd sp. sess.~~

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

28       **Sec. 34.** RCW 82.04.260 and 2020 c 165 s 3 are each amended to  
29 read as follows:

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

32       (a) Wheat into flour, barley into pearl barley, soybeans into  
33 soybean oil, canola into canola oil, canola meal, or canola by-  
34 products, or sunflower seeds into sunflower oil; as to such persons  
35 the amount of tax with respect to such business is equal to the value  
36 of the flour, pearl barley, oil, canola meal, or canola by-product  
37 manufactured, multiplied by the rate (~~(of 0.138 percent)) specified~~  
38 ~~in section 40 of this act;~~

1 (b) Beginning July 1, 2025, seafood products that remain in a  
2 raw, raw frozen, or raw salted state at the completion of the  
3 manufacturing by that person; or selling manufactured seafood  
4 products that remain in a raw, raw frozen, or raw salted state at the  
5 completion of the manufacturing, to purchasers who transport in the  
6 ordinary course of business the goods out of this state; as to such  
7 persons the amount of tax with respect to such business is equal to  
8 the value of the products manufactured multiplied by the rate  
9 specified in section 40 of this act or the gross proceeds derived  
10 from such sales, multiplied by the rate of 0.138 percent. Sellers  
11 must keep and preserve records for the period required by RCW  
12 82.32.070 establishing that the goods were transported by the  
13 purchaser in the ordinary course of business out of this state;

14 (c)(i) Except as provided otherwise in (c)(iii) of this  
15 subsection, from July 1, 2025, until January 1, 2036, dairy products;  
16 or selling dairy products that the person has manufactured to  
17 purchasers who either transport in the ordinary course of business  
18 the goods out of state or purchasers who use such dairy products as  
19 an ingredient or component in the manufacturing of a dairy product;  
20 as to such persons the tax imposed is equal to the value of the  
21 products manufactured multiplied by the rate specified in section 40  
22 of this act or the gross proceeds derived from such sales multiplied  
23 by the rate of 0.138 percent. Sellers must keep and preserve records  
24 for the period required by RCW 82.32.070 establishing that the goods  
25 were transported by the purchaser in the ordinary course of business  
26 out of this state or sold to a manufacturer for use as an ingredient  
27 or component in the manufacturing of a dairy product.

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

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

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

37 (iii) The preferential tax rate provided to taxpayers under this  
38 subsection (1)(c) does not apply to sales of dairy products on or  
39 after July 1, 2023, where a dairy product is used by the purchaser as

1 an ingredient or component in the manufacturing in Washington of a  
2 dairy product;

3 (d) (i) Beginning July 1, 2025, fruits or vegetables by canning,  
4 preserving, freezing, processing, or dehydrating fresh fruits or  
5 vegetables, or selling at wholesale fruits or vegetables manufactured  
6 by the seller by canning, preserving, freezing, processing, or  
7 dehydrating fresh fruits or vegetables and sold to purchasers who  
8 transport in the ordinary course of business the goods out of this  
9 state; as to such persons the amount of tax with respect to such  
10 business is equal to the value of the products manufactured  
11 multiplied by the rate specified in section 40 of this act or the  
12 gross proceeds derived from such sales multiplied by the rate of  
13 0.138 percent. Sellers must keep and preserve records for the period  
14 required by RCW 82.32.070 establishing that the goods were  
15 transported by the purchaser in the ordinary course of business out  
16 of this state.

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

20 (e) Wood biomass fuel; as to such persons the amount of tax with  
21 respect to the business is equal to the value of wood biomass fuel  
22 manufactured, multiplied by the rate (~~(of 0.138 percent)~~) specified  
23 in section 40 of this act. For the purposes of this section, "wood  
24 biomass fuel" means a liquid or gaseous fuel that is produced from  
25 lignocellulosic feedstocks, including wood, forest, or field residue  
26 and dedicated energy crops, and that does not include wood treated  
27 with chemical preservations such as creosote, pentachlorophenol, or  
28 copper-chrome-arsenic.

29 (2) Upon every person engaging within this state in the business  
30 of splitting or processing dried peas; as to such persons the amount  
31 of tax with respect to such business is equal to the value of the  
32 peas split or processed, multiplied by the rate (~~(of 0.138 percent)~~)  
33 specified in section 40 of this act.

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

39 (4) Upon every person engaging within this state in the business  
40 of slaughtering, breaking and/or processing perishable meat products

1 and/or selling the same at wholesale only and not at retail; as to  
2 such persons the tax imposed is equal to the gross proceeds derived  
3 from such sales multiplied by the rate (~~(of 0.138 percent)~~) specified  
4 in section 40 of this act.

5 (5) (a) Upon every person engaging within this state in the  
6 business of acting as a travel agent or tour operator and whose  
7 annual taxable amount for the prior calendar year was (~~(two hundred~~  
8 ~~fifty thousand dollars)~~) \$250,000 or less; as to such persons the  
9 amount of the tax with respect to such activities is equal to the  
10 gross income derived from such activities multiplied by the rate of  
11 0.275 percent.

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

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

26 (7) Upon every person engaging within this state in the business  
27 of stevedoring and associated activities pertinent to the movement of  
28 goods and commodities in waterborne interstate or foreign commerce;  
29 as to such persons the amount of tax with respect to such business is  
30 equal to the gross proceeds derived from such activities multiplied  
31 by the rate of 0.275 percent. Persons subject to taxation under this  
32 subsection are exempt from payment of taxes imposed by chapter 82.16  
33 RCW for that portion of their business subject to taxation under this  
34 subsection. Stevedoring and associated activities pertinent to the  
35 conduct of goods and commodities in waterborne interstate or foreign  
36 commerce are defined as all activities of a labor, service or  
37 transportation nature whereby cargo may be loaded or unloaded to or  
38 from vessels or barges, passing over, onto or under a wharf, pier, or  
39 similar structure; cargo may be moved to a warehouse or similar  
40 holding or storage yard or area to await further movement in import

1 or export or may move to a consolidation freight station and be  
2 stuffed, unstuffed, containerized, separated or otherwise segregated  
3 or aggregated for delivery or loaded on any mode of transportation  
4 for delivery to its consignee. Specific activities included in this  
5 definition are: Wharfage, handling, loading, unloading, moving of  
6 cargo to a convenient place of delivery to the consignee or a  
7 convenient place for further movement to export mode; documentation  
8 services in connection with the receipt, delivery, checking, care,  
9 custody and control of cargo required in the transfer of cargo;  
10 imported automobile handling prior to delivery to consignee; terminal  
11 stevedoring and incidental vessel services, including but not limited  
12 to plugging and unplugging refrigerator service to containers,  
13 trailers, and other refrigerated cargo receptacles, and securing ship  
14 hatch covers.

15 (8) (a) Upon every person engaging within this state in the  
16 business of disposing of low-level waste, as defined in RCW  
17 (~~43.145.010~~) 70A.380.010; as to such persons the amount of the tax  
18 with respect to such business is equal to the gross income of the  
19 business, excluding any fees imposed under chapter (~~43.200~~) 70A.384  
20 RCW, multiplied by the rate of 3.3 percent.

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

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

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

38 (11) (a) Beginning October 1, 2005, upon every person engaging  
39 within this state in the business of manufacturing commercial  
40 airplanes, or components of such airplanes, or making sales, at

1 retail or wholesale, of commercial airplanes or components of such  
2 airplanes, manufactured by the seller, as to such persons the amount  
3 of tax with respect to such business is, in the case of  
4 manufacturers, equal to the value of the product manufactured and the  
5 gross proceeds of sales of the product manufactured, or in the case  
6 of processors for hire, equal to the gross income of the business,  
7 multiplied by the rate of:

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

9 (ii) 0.2904 percent beginning July 1, 2007, through March 31,  
10 2020; (~~and~~)

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

16 (iv) Beginning October 1, 2021, the rate specified in section 40  
17 of this act for manufacturing activities described in this subsection  
18 (11)(a).

19 (b) Beginning July 1, 2008, upon every person who is not eligible  
20 to report under the provisions of (a) of this subsection (11) and is  
21 engaging within this state in the business of manufacturing tooling  
22 specifically designed for use in manufacturing commercial airplanes  
23 or components of such airplanes, or making sales, at retail or  
24 wholesale, of such tooling manufactured by the seller, as to such  
25 persons the amount of tax with respect to such business is, in the  
26 case of manufacturers, equal to the value of the product manufactured  
27 and the gross proceeds of sales of the product manufactured, or in  
28 the case of processors for hire, be equal to the gross income of the  
29 business, multiplied by the rate of:

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

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

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

37 (B) (~~(0.484)~~) 0.00 percent on all other business activities  
38 described in this subsection (11)(b) beginning October 1, 2021.

1 (c) For the purposes of this subsection (11), "commercial  
2 airplane" and "component" have the same meanings as provided in RCW  
3 82.32.550.

4 (d)(i) In addition to all other requirements under this title, a  
5 person reporting (~~under the tax rate~~) a preferential tax rate for  
6 retailing or wholesaling activities provided in this subsection (11)  
7 must file a complete annual tax performance report with the  
8 department under RCW 82.32.534. However, this requirement does not  
9 apply to persons reporting under the tax rate in (a)(iii) of this  
10 subsection (11), so long as that rate remains 0.484 percent, or under  
11 any of the tax rates in (b)(ii)(A) and (B) of this subsection (11),  
12 so long as those tax rates remain the rate imposed pursuant to RCW  
13 82.04.250(1) and 0.484 percent, respectively.

14 (ii) Nothing in (d)(i) of this subsection (11) may be construed  
15 as affecting the obligation of a person reporting under a tax rate  
16 provided in this subsection (11) to file a complete annual tax  
17 performance report with the department under RCW 82.32.534: (A)  
18 Pursuant to another provision of this title as a result of claiming a  
19 tax credit or exemption; or (B) pursuant to (d)(i) of this subsection  
20 (11) as a result of claiming the tax rates in (a)(ii) or (b)(i) of  
21 this subsection (11) for periods ending before April 1, 2020.

22 (e)(i) After March 31, 2021, the tax rates under (a)(iii) and  
23 (b)(ii)(A) of this subsection (11) must be reduced to 0.357 percent  
24 for retailing and wholesaling activities provided the conditions in  
25 RCW 82.04.2602 are met. The effective date of the rates authorized  
26 under this subsection (11)(e) must occur on the first day of the next  
27 calendar quarter that is at least (~~sixty~~) 60 days after the  
28 department receives the last of the two written notices pursuant to  
29 RCW 82.04.2602 (3) and (4).

30 (ii) Both a significant commercial airplane manufacturer  
31 separately and the rest of the aerospace industry as a whole,  
32 receiving the rate of 0.357 percent under this subsection (11)(e) are  
33 subject to the aerospace apprenticeship utilization rates required  
34 under RCW 49.04.220 by April 1, 2026, or five years after the  
35 effective date of the 0.357 percent rate authorized under this  
36 subsection (11)(e), whichever is later, as determined by the  
37 department of labor and industries.

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



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

3 (ii) With respect to (~~the manufacturing of commercial airplanes~~  
4 ~~or~~) making sales, at retail or wholesale, of commercial airplanes,  
5 this subsection (11) does not apply on and after July 1st of the year  
6 in which the department makes a determination that any final assembly  
7 or wing assembly of any version or variant of a commercial airplane  
8 that is the basis of a siting of a significant commercial airplane  
9 manufacturing program in the state under RCW 82.32.850 has been sited  
10 outside the state of Washington. This subsection (11)(f)(ii) only  
11 applies to the (~~manufacturing or~~) sale of commercial airplanes that  
12 are the basis of a siting of a significant commercial airplane  
13 manufacturing program in the state under RCW 82.32.850. This  
14 subsection (11)(f)(ii) continues to apply during the time that a  
15 person is subject to the tax rate in (a)(iii) of this subsection  
16 (11).

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

21 (12)(a) Until July 1, 2045, upon every person engaging within  
22 this state in the business of extracting timber or extracting for  
23 hire timber; as to such persons the amount of tax with respect to the  
24 business is, in the case of extractors, equal to the value of  
25 products, including by-products, extracted, or in the case of  
26 extractors for hire, equal to the gross income of the business,  
27 multiplied by the rate of 0.4235 percent from July 1, 2006, through  
28 June 30, 2007, and (~~0.2904~~) 0.00 percent from July 1, 2007, through  
29 June 30, 2045.

30 (b) Until July 1, 2045, upon every person engaging within this  
31 state in the business of manufacturing or processing for hire: (i)  
32 Timber into timber products or wood products; (ii) timber products  
33 into other timber products or wood products; or (iii) products  
34 defined in RCW 19.27.570(1); as to such persons the amount of the tax  
35 with respect to the business is, in the case of manufacturers, equal  
36 to the value of products, including by-products, manufactured, or in  
37 the case of processors for hire, equal to the gross income of the  
38 business, multiplied by the rate of 0.4235 percent from July 1, 2006,  
39 through June 30, 2007, and (~~0.2904 percent~~) the rate specified in  
40 section 40 of this act from July 1, 2007, through June 30, 2045.

1 (c) Until July 1, 2045, upon every person engaging within this  
2 state in the business of selling at wholesale: (i) Timber extracted  
3 by that person; (ii) timber products manufactured by that person from  
4 timber or other timber products; (iii) wood products manufactured by  
5 that person from timber or timber products; or (iv) products defined  
6 in RCW 19.27.570(1) manufactured by that person; as to such persons  
7 the amount of the tax with respect to the business is equal to the  
8 gross proceeds of sales of the timber, timber products, wood  
9 products, or products defined in RCW 19.27.570(1) multiplied by the  
10 rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and  
11 (~~(0.2904)~~) 0.00 percent from July 1, 2007, through June 30, 2045.

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

22 (e) For purposes of this subsection, the following definitions  
23 apply:

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

28 (ii) "Paper and paper products" means products made of interwoven  
29 cellulosic fibers held together largely by hydrogen bonding. "Paper  
30 and paper products" includes newsprint; office, printing, fine, and  
31 pressure-sensitive papers; paper napkins, towels, and toilet tissue;  
32 kraft bag, construction, and other kraft industrial papers;  
33 paperboard, liquid packaging containers, containerboard, corrugated,  
34 and solid-fiber containers including linerboard and corrugated  
35 medium; and related types of cellulosic products containing  
36 primarily, by weight or volume, cellulosic materials. "Paper and  
37 paper products" does not include books, newspapers, magazines,  
38 periodicals, and other printed publications, advertising materials,  
39 calendars, and similar types of printed materials.

1 (iii) "Recycled paper" means paper and paper products having  
2 fifty percent or more of their fiber content that comes from  
3 postconsumer waste. For purposes of this subsection (12)(e)(iii),  
4 "postconsumer waste" means a finished material that would normally be  
5 disposed of as solid waste, having completed its life cycle as a  
6 consumer item.

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

11 (v) "Timber products" means:

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

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

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

19 (vi) "Wood products" means paper and paper products; dimensional  
20 lumber; engineered wood products such as particleboard, oriented  
21 strand board, medium density fiberboard, and plywood; wood doors;  
22 wood windows; and biocomposite surface products.

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

27 (g) Nothing in this subsection (12) may be construed to affect  
28 the taxation of any activity defined as a retail sale in RCW  
29 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW  
30 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

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

36 (14)(a) Upon every person engaging within this state in the  
37 business of printing a newspaper, publishing a newspaper, or both,  
38 the amount of tax on such business is equal to the gross income of  
39 the business multiplied by the rate of 0.35 percent until July 1,  
40 2024, and 0.484 percent thereafter.

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

4 **Sec. 35.** RCW 82.04.2909 and 2017 c 135 s 12 are each amended to  
5 read as follows:

6 (1) Upon every person who is an aluminum smelter engaging within  
7 this state in the business of manufacturing aluminum; as to such  
8 persons the amount of tax with respect to such business is, in the  
9 case of manufacturers, equal to the value of the product  
10 manufactured, or in the case of processors for hire, equal to the  
11 gross income of the business, multiplied by the rate (~~(.2904~~  
12 ~~percent)~~) specified in section 40 of this act.

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

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

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

22 **Sec. 36.** RCW 82.04.294 and 2017 3rd sp.s. c 37 s 403 are each  
23 amended to read as follows:

24 (1) Upon every person engaging within this state in the business  
25 of manufacturing solar energy systems using photovoltaic modules or  
26 stirling converters, or of manufacturing solar grade silicon, silicon  
27 solar wafers, silicon solar cells, thin film solar devices, or  
28 compound semiconductor solar wafers to be used exclusively in  
29 components of such systems; as to such persons the amount of tax with  
30 respect to such business is, in the case of manufacturers, equal to  
31 the value of the product manufactured, or in the case of processors  
32 for hire, equal to the gross income of the business, multiplied by  
33 the rate (~~(.275~~ percent)) specified in section 40 of this act.

34 (2) Upon every person engaging within this state in the business  
35 of making sales at wholesale of solar energy systems using  
36 photovoltaic modules or stirling converters, or of solar grade  
37 silicon, silicon solar wafers, silicon solar cells, thin film solar  
38 devices, or compound semiconductor solar wafers to be used

1 exclusively in components of such systems, manufactured by that  
2 person; as to such persons the amount of tax with respect to such  
3 business is equal to the gross proceeds of sales of the solar energy  
4 systems using photovoltaic modules or stirling converters, or of the  
5 solar grade silicon to be used exclusively in components of such  
6 systems, multiplied by the rate of 0.275 percent.

7 (3) Silicon solar wafers, silicon solar cells, thin film solar  
8 devices, solar grade silicon, or compound semiconductor solar wafers  
9 are "semiconductor materials" for the purposes of RCW 82.08.9651 and  
10 82.12.9651.

11 (4) The definitions in this subsection apply throughout this  
12 section.

13 (a) "Compound semiconductor solar wafers" means a semiconductor  
14 solar wafer composed of elements from two or more different groups of  
15 the periodic table.

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

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

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

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

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

28 (g) "Solar grade silicon" means high-purity silicon used  
29 exclusively in components of solar energy systems using photovoltaic  
30 modules to capture direct sunlight. "Solar grade silicon" does not  
31 include silicon used in semiconductors.

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

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

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

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

1       **Sec. 37.** RCW 82.04.280 and 2019 c 449 s 1 are each amended to  
2 read as follows:

3       (1) Upon every person engaging within this state in the business  
4 of: (a) Printing materials other than newspapers, and of publishing  
5 periodicals or magazines; (b) building, repairing or improving any  
6 street, place, road, highway, easement, right-of-way, mass public  
7 transportation terminal or parking facility, bridge, tunnel, or  
8 trestle which is owned by a municipal corporation or political  
9 subdivision of the state or by the United States and which is used or  
10 to be used, primarily for foot or vehicular traffic including mass  
11 transportation vehicles of any kind and including any readjustment,  
12 reconstruction or relocation of the facilities of any public, private  
13 or cooperatively owned utility or railroad in the course of such  
14 building, repairing or improving, the cost of which readjustment,  
15 reconstruction, or relocation, is the responsibility of the public  
16 authority whose street, place, road, highway, easement, right-of-way,  
17 mass public transportation terminal or parking facility, bridge,  
18 tunnel, or trestle is being built, repaired or improved; (c)  
19 extracting for hire (~~(or processing for hire)~~), except persons  
20 taxable as extractors for hire (~~(or processors for hire)~~) under  
21 another section of this chapter; (d) operating a cold storage  
22 warehouse or storage warehouse, but not including the rental of cold  
23 storage lockers; (e) representing and performing services for fire or  
24 casualty insurance companies as an independent resident managing  
25 general agent licensed under the provisions of chapter 48.17 RCW; (f)  
26 radio and television broadcasting, but excluding revenues from  
27 network, national, and regional advertising computed either: (i) As a  
28 standard deduction that the department must publish by rule by  
29 September 30, 2020, and by September 30th of every fifth year  
30 thereafter, based on the national average thereof as reported by the  
31 United States census bureau's economic census; or (ii) in lieu  
32 thereof by itemization by the individual broadcasting station, and  
33 excluding that portion of revenue represented by the out-of-state  
34 audience computed as a ratio to the broadcasting station's total  
35 audience as measured by the .5 millivolt/meter signal strength  
36 contour for AM radio, the one millivolt/meter or (~~(sixty)~~) 60 dBu  
37 signal strength contour for FM radio, the (~~(twenty-eight)~~) 28 dBu  
38 signal strength contour for television channels two through six, the  
39 (~~(thirty-six)~~) 36 dBu signal strength contour for television channels  
40 seven through (~~(thirteen)~~) 13, and the (~~(forty-one)~~) 41 dBu signal

1 strength contour for television channels (~~fourteen~~) 14 through  
2 (~~sixty-nine~~) 69 with delivery by wire, satellite, or any other  
3 means, if any; (g) engaging in activities which bring a person within  
4 the definition of consumer contained in RCW 82.04.190(6); as to such  
5 persons, the amount of tax on such business is equal to the gross  
6 income of the business multiplied by the rate of 0.484 percent.

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

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

14 (b) "Storage warehouse" means a building or structure, or any  
15 part thereof, in which goods, wares, or merchandise are received for  
16 storage for compensation, except field warehouses, fruit warehouses,  
17 fruit packing plants, warehouses licensed under chapter 22.09 RCW,  
18 public garages storing automobiles, railroad freight sheds, docks and  
19 wharves, and "self-storage" or "mini storage" facilities whereby  
20 customers have direct access to individual storage areas by separate  
21 entrance. "Storage warehouse" does not include a building or  
22 structure, or that part of such building or structure, in which an  
23 activity taxable under RCW 82.04.272 is conducted.

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

28 **Sec. 38.** RCW 82.32.790 and 2019 c 449 s 2 are each amended to  
29 read as follows:

30 (1)(a) Section (~~2~~) 1, chapter 449, Laws of 2019, sections 510,  
31 512, 514, 516, (~~518~~) 520, 522, and 524, chapter 37, Laws of 2017  
32 3rd sp. sess., sections (~~9~~) 13, 17, 22, 24, 30, 32, and 45,  
33 chapter 135, Laws of 2017, sections (~~104~~) 110, 117, 123, 125, 129,  
34 131, and 150, chapter 114, Laws of 2010, and sections 1, 2, (~~3~~)  
35 and 5 through 10, chapter 149, Laws of 2003 are contingent upon the  
36 siting and commercial operation of a significant semiconductor  
37 microchip fabrication facility in the state of Washington by January  
38 1, 2024.

39 (b) For the purposes of this section:

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

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

5 (iii) "Significant" means the combined investment of new  
6 buildings and new machinery and equipment in the buildings, at the  
7 commencement of commercial production, will be at least (~~one billion~~  
8 ~~dollars~~) \$1,000,000,000.

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

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

18 (b) If, after making a determination that a contract has been  
19 signed and the sections referenced in subsection (1) of this section  
20 are effective, the department discovers that commencement of  
21 commercial production did not take place within three years of the  
22 date the contract was signed, the department must make a  
23 determination that chapter 149, Laws of 2003 is no longer effective,  
24 and all taxes that would have been otherwise due are deemed deferred  
25 taxes and are immediately assessed and payable from any person  
26 reporting tax under RCW 82.04.240(~~(+2)~~) or claiming an exemption or  
27 credit under RCW 82.04.426, 82.04.448, 82.08.965, 82.12.965,  
28 82.08.970, 82.12.970, or 84.36.645. The department is not authorized  
29 to make a second determination regarding the effective date of the  
30 sections referenced in subsection (1) of this section.

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

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

38 NEW SECTION. **Sec. 39.** 2017 3rd sp.s. c 37 s 518, 2017 c 135 s  
39 9, 2010 c 114 s 104, & 2003 c 149 s 3 are each repealed.



1        NEW SECTION.    **Sec. 40.**    A new section is added to chapter 82.04  
2    RCW to read as follows:

3        The following rates apply to manufacturing and processing for  
4    hire activities:

5        (1) Beginning October 1, 2021, 80 percent of the rate otherwise  
6    required under the applicable provision of law;

7        (2) Beginning July 1, 2022, 60 percent of the rate otherwise  
8    required under the applicable provision of law;

9        (3) Beginning July 1, 2023, 40 percent of the rate otherwise  
10   required under the applicable provision of law;

11       (4) Beginning July 1, 2024, 20 percent of the rate otherwise  
12   required under the applicable provision of law; and

13       (5) Beginning July 1, 2025, 0 percent of the rate otherwise  
14   required under the applicable provision of law.

15       NEW SECTION.    **Sec. 41.**    Sections 31 through 40 of this act take  
16   effect October 1, 2021."

17       Renumber the remaining section consecutively and correct any  
18   internal references accordingly.

**2SSB 5126 - S AMD 680**  
By Senator Braun

**RULED BEYOND SCOPE 04/08/2021**

19       On page 1, beginning on line 2 of the title, after "amending RCW"  
20   strike all material through "date." on line 4 and insert  
21   "70A.15.2200,    43.88.055,    82.04.240,    82.04.2404,    82.04.260,  
22   82.04.2909, 82.04.294, 82.04.280, and 82.32.790; adding a new section  
23   to chapter 82.04 RCW; adding a new chapter to Title 70A RCW; creating  
24   new sections; repealing 2017 3rd sp.s. c 37 s 518, 2017 c 135 s 9,  
25   2010 c 114 s 104, and 2003 c 149 s 3; prescribing penalties;  
26   providing an effective date; and providing a contingent effective  
27   date."

EFFECT: Phases out the B&O tax on manufacturing and processing  
for hire activities over 5 years.

--- END ---