
HOUSE BILL 2111

State of Washington

67th Legislature

2022 Regular Session

By Representatives Pollet, Walen, Chapman, Ramel, Orwall, Duerr, Leavitt, Shewmake, Ryu, and Valdez

Read first time 01/31/22. Referred to Committee on Finance.

1 AN ACT Relating to exempting newspapers from business and
2 occupation tax; amending RCW 82.04.260; adding a new section to
3 chapter 82.04 RCW; creating a new section; and providing an effective
4 date.

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

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

8 This chapter does not apply to any person engaging within this
9 state in the business of printing a newspaper, publishing a
10 newspaper, or both.

11 **Sec. 2.** RCW 82.04.260 and 2021 c 145 s 7 are each amended to
12 read as follows:

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

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

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 or the gross proceeds derived
9 from such sales, multiplied by the rate of 0.138 percent. Sellers
10 must keep and preserve records for the period required by RCW
11 82.32.070 establishing that the goods were transported by the
12 purchaser in the ordinary course of business out of this state;

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

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

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

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

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

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

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

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

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

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

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

39 (5)(a) Upon every person engaging within this state in the
40 business of acting as a travel agent or tour operator and whose

1 annual taxable amount for the prior calendar year from such business
2 was two hundred fifty thousand dollars or less; as to such persons
3 the amount of the tax with respect to such activities is equal to the
4 gross income derived from such activities multiplied by the rate of
5 0.275 percent.

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

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

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

1 convenient place for further movement to export mode; documentation
2 services in connection with the receipt, delivery, checking, care,
3 custody and control of cargo required in the transfer of cargo;
4 imported automobile handling prior to delivery to consignee; terminal
5 stevedoring and incidental vessel services, including but not limited
6 to plugging and unplugging refrigerator service to containers,
7 trailers, and other refrigerated cargo receptacles, and securing ship
8 hatch covers.

9 (8) (a) Upon every person engaging within this state in the
10 business of disposing of low-level waste, as defined in RCW
11 70A.380.010; as to such persons the amount of the tax with respect to
12 such business is equal to the gross income of the business, excluding
13 any fees imposed under chapter 70A.384 RCW, multiplied by the rate of
14 3.3 percent.

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

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

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

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

1 of processors for hire, equal to the gross income of the business,
2 multiplied by the rate of:

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

4 (ii) 0.2904 percent beginning July 1, 2007, through March 31,
5 2020; and

6 (iii) Beginning April 1, 2020, 0.484 percent, subject to any
7 reduction required under (e) of this subsection (11). The tax rate in
8 this subsection (11)(a)(iii) applies to all business activities
9 described in this subsection (11)(a).

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

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

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

24 (A) The rate under RCW 82.04.250(1) on the business of making
25 retail sales of tooling specifically designed for use in
26 manufacturing commercial airplanes or components of such airplanes;
27 and

28 (B) 0.484 percent on all other business activities described in
29 this subsection (11)(b).

30 (c) For the purposes of this subsection (11), "commercial
31 airplane" and "component" have the same meanings as provided in RCW
32 82.32.550.

33 (d)(i) In addition to all other requirements under this title, a
34 person reporting under the tax rate provided in this subsection (11)
35 must file a complete annual tax performance report with the
36 department under RCW 82.32.534. However, this requirement does not
37 apply to persons reporting under the tax rate in (a)(iii) of this
38 subsection (11), so long as that rate remains 0.484 percent, or under
39 any of the tax rates in (b)(ii)(A) and (B) of this subsection (11),

1 so long as those tax rates remain the rate imposed pursuant to RCW
2 82.04.250(1) and 0.484 percent, respectively.

3 (ii) Nothing in (d)(i) of this subsection (11) may be construed
4 as affecting the obligation of a person reporting under a tax rate
5 provided in this subsection (11) to file a complete annual tax
6 performance report with the department under RCW 82.32.534: (A)
7 Pursuant to another provision of this title as a result of claiming a
8 tax credit or exemption; or (B) pursuant to (d)(i) of this subsection
9 (11) as a result of claiming the tax rates in (a)(ii) or (b)(i) of
10 this subsection (11) for periods ending before April 1, 2020.

11 (e)(i) After March 31, 2021, the tax rates under (a)(iii) and
12 (b)(ii) of this subsection (11) must be reduced to 0.357 percent
13 provided the conditions in RCW 82.04.2602 are met. The effective date
14 of the rates authorized under this subsection (11)(e) must occur on
15 the first day of the next calendar quarter that is at least sixty
16 days after the department receives the last of the two written
17 notices pursuant to RCW 82.04.2602 (3) and (4).

18 (ii) Both a significant commercial airplane manufacturer
19 separately and the rest of the aerospace industry as a whole,
20 receiving the rate of 0.357 percent under this subsection (11)(e) are
21 subject to the aerospace apprenticeship utilization rates required
22 under RCW 49.04.220 by April 1, 2026, or five years after the
23 effective date of the 0.357 percent rate authorized under this
24 subsection (11)(e), whichever is later, as determined by the
25 department of labor and industries.

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

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

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

1 subsection (11)(f)(ii) continues to apply during the time that a
2 person is subject to the tax rate in (a)(iii) of this subsection
3 (11).

4 (g) For the purposes of this subsection, "a significant
5 commercial airplane manufacturer" means a manufacturer of commercial
6 airplanes with at least fifty thousand full-time employees in
7 Washington as of January 1, 2021.

8 (12)(a) Until July 1, 2045, upon every person engaging within
9 this state in the business of extracting timber or extracting for
10 hire timber; as to such persons the amount of tax with respect to the
11 business is, in the case of extractors, equal to the value of
12 products, including by-products, extracted, or in the case of
13 extractors for hire, equal to the gross income of the business,
14 multiplied by the rate of 0.4235 percent from July 1, 2006, through
15 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
16 2045.

17 (b) Until July 1, 2045, upon every person engaging within this
18 state in the business of manufacturing or processing for hire: (i)
19 Timber into timber products or wood products; (ii) timber products
20 into other timber products or wood products; or (iii) products
21 defined in RCW 19.27.570(1); as to such persons the amount of the tax
22 with respect to the business is, in the case of manufacturers, equal
23 to the value of products, including by-products, manufactured, or in
24 the case of processors for hire, equal to the gross income of the
25 business, multiplied by the rate of 0.4235 percent from July 1, 2006,
26 through June 30, 2007, and 0.2904 percent from July 1, 2007, through
27 June 30, 2045.

28 (c) Until July 1, 2045, upon every person engaging within this
29 state in the business of selling at wholesale: (i) Timber extracted
30 by that person; (ii) timber products manufactured by that person from
31 timber or other timber products; (iii) wood products manufactured by
32 that person from timber or timber products; or (iv) products defined
33 in RCW 19.27.570(1) manufactured by that person; as to such persons
34 the amount of the tax with respect to the business is equal to the
35 gross proceeds of sales of the timber, timber products, wood
36 products, or products defined in RCW 19.27.570(1) multiplied by the
37 rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and
38 0.2904 percent from July 1, 2007, through June 30, 2045.

39 (d) Until July 1, 2045, upon every person engaging within this
40 state in the business of selling standing timber; as to such persons

1 the amount of the tax with respect to the business is equal to the
2 gross income of the business multiplied by the rate of 0.2904
3 percent. For purposes of this subsection (12)(d), "selling standing
4 timber" means the sale of timber apart from the land, where the buyer
5 is required to sever the timber within thirty months from the date of
6 the original contract, regardless of the method of payment for the
7 timber and whether title to the timber transfers before, upon, or
8 after severance.

9 (e) For purposes of this subsection, the following definitions
10 apply:

11 (i) "Biocomposite surface products" means surface material
12 products containing, by weight or volume, more than fifty percent
13 recycled paper and that also use nonpetroleum-based phenolic resin as
14 a bonding agent.

15 (ii) "Paper and paper products" means products made of interwoven
16 cellulosic fibers held together largely by hydrogen bonding. "Paper
17 and paper products" includes newsprint; office, printing, fine, and
18 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
19 kraft bag, construction, and other kraft industrial papers;
20 paperboard, liquid packaging containers, containerboard, corrugated,
21 and solid-fiber containers including linerboard and corrugated
22 medium; and related types of cellulosic products containing
23 primarily, by weight or volume, cellulosic materials. "Paper and
24 paper products" does not include books, newspapers, magazines,
25 periodicals, and other printed publications, advertising materials,
26 calendars, and similar types of printed materials.

27 (iii) "Recycled paper" means paper and paper products having
28 fifty percent or more of their fiber content that comes from
29 postconsumer waste. For purposes of this subsection (12)(e)(iii),
30 "postconsumer waste" means a finished material that would normally be
31 disposed of as solid waste, having completed its life cycle as a
32 consumer item.

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

37 (v) "Timber products" means:

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

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

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

5 (vi) "Wood products" means paper and paper products; dimensional
6 lumber; engineered wood products such as particleboard, oriented
7 strand board, medium density fiberboard, and plywood; wood doors;
8 wood windows; and biocomposite surface products.

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

13 (g) Nothing in this subsection (12) may be construed to affect
14 the taxation of any activity defined as a retail sale in RCW
15 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW
16 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

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

22 ~~((14) (a) Upon every person engaging within this state in the
23 business of printing a newspaper, publishing a newspaper, or both,
24 the amount of tax on such business is equal to the gross income of
25 the business multiplied by the rate of 0.35 percent until July 1,
26 2024, and 0.484 percent thereafter.~~

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

30 NEW SECTION. **Sec. 3.** The provisions of RCW 82.32.805 and
31 82.32.808 do not apply to this act.

32 NEW SECTION. **Sec. 4.** This act takes effect July 1, 2022.

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