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**ENGROSSED SUBSTITUTE SENATE BILL 5251**

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**State of Washington**

**67th Legislature**

**2021 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Schoesler, Brown, Dozier, Gildon, Honeyford, King, and Rolfes)

READ FIRST TIME 02/12/21.

1       AN ACT Relating to modifying tax and revenue laws in a manner  
2 that is not estimated to affect state or local tax collections, by  
3 easing compliance burdens for taxpayers, clarifying ambiguities,  
4 making technical corrections, and providing administrative  
5 efficiencies; amending RCW 54.28.040, 54.28.055, 82.04.051,  
6 82.04.220, 82.04.2404, 82.04.260, 82.04.261, 82.04.2907, 82.08.0531,  
7 82.08.956, 82.08.9651, 82.08.9999, 82.12.956, 82.12.9651, 82.14.532,  
8 82.29A.090, 82.32.330, 82.32.534, 82.32.805, 84.40.130, 84.52.0531,  
9 84.52.080, and 84.36.385; reenacting and amending RCW 79.64.110; and  
10 repealing RCW 82.25.045.

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

12       **Sec. 1.** RCW 54.28.040 and 2017 c 323 s 103 are each amended to  
13 read as follows:

14       (1) Before May 1st of each calendar year through calendar year  
15 2018, the department of revenue must compute the tax imposed by this  
16 chapter for the last preceding calendar year and notify the district  
17 of the amount thereof, which shall be payable on or before the  
18 following June 1st.

19       (2) For tax reporting periods beginning on or after January 1,  
20 2018, taxpayers must report the taxes due under RCW 54.28.020 and  
21 54.28.025 on returns as prescribed by the department of revenue.

1 Except as otherwise provided in this subsection (2), taxes imposed in  
2 RCW 54.28.020 and 54.28.025 are due for a taxpayer at the same time  
3 as the taxpayer's payment of taxes imposed under chapters 82.04 and  
4 82.16 RCW. The department of revenue may allow taxpayers to report  
5 and pay the taxes due under RCW 54.28.020 and 54.28.025 on an annual  
6 basis, even if they report taxes imposed under chapters 82.04 and  
7 82.16 RCW more frequently than annually. In such cases, the taxes  
8 imposed in RCW 54.28.020 and 54.28.025 are due (~~(at the same time as~~  
9 ~~the taxes under chapters 82.04 and 82.16 RCW for the taxpayer's final~~  
10 ~~reporting period for the calendar year)) on or before February 25th  
11 of the year immediately following the end of the year for which the  
12 taxes are being reported and paid.~~

13 (3) The department of revenue may require persons to report such  
14 information as needed by the department to administer this chapter.

15 (4) (a) Upon receipt of the amount of each tax imposed the  
16 department of revenue shall deposit the same with the state  
17 treasurer, who must deposit four percent of the revenues received  
18 under RCW 54.28.020(1) and 54.28.025(1) and all revenues received  
19 under RCW 54.28.020(2) and 54.28.025(2) in the general fund of the  
20 state and must distribute the remainder in the manner hereinafter set  
21 forth. The state treasurer must send a duplicate copy of each  
22 transmittal to the department of revenue.

23 (b) The state treasurer must distribute the taxes collected by  
24 the department under this chapter monthly at the same time  
25 distributions of local sales and use taxes are made in accordance  
26 with chapter 82.14 RCW.

27 **Sec. 2.** RCW 54.28.055 and 2017 3rd sp.s. c 28 s 502 are each  
28 amended to read as follows:

29 (1) Except as provided in subsection (3) of this section, the  
30 department of revenue must instruct the state treasurer to distribute  
31 the amount collected under RCW 54.28.025(1) (~~(on the first business~~  
32 ~~day of July)) as follows:~~

33 (a) Fifty percent to the state general fund for the support of  
34 schools; and

35 (b) Twenty-two percent to the counties, twenty-three percent to  
36 the cities, three percent to the fire protection districts, and two  
37 percent to the library districts.

38 (2) Each county, city, fire protection district, and library  
39 district must receive a percentage of the amount for distribution to

1 counties, cities, fire protection districts, and library districts,  
2 respectively, in the proportion that the population of such district  
3 residing within the impacted area bears to the total population of  
4 all such districts residing within the impacted area. For the  
5 purposes of this chapter, the term "library district" includes only  
6 regional libraries, rural county library districts, intercounty rural  
7 library districts, and island library districts as those terms are  
8 defined in RCW 27.12.010. The population of a library district, for  
9 purposes of such a distribution, does not include any population  
10 within the library district and the impact area that also is located  
11 within a city or town.

12 (3) Distributions under this section must be adjusted as follows:

13 (a) If any distribution pursuant to subsection (1)(b) of this  
14 section cannot be made, then that share must be prorated among the  
15 state and remaining local districts.

16 (b) The department of revenue must instruct the state treasurer  
17 to adjust distributions under this section, in whole or in part, to  
18 account for each county's, city's, fire protection district's, and  
19 library district's proportionate share of amounts previously  
20 distributed under this section and subsequently refunded to a public  
21 utility district under RCW 82.32.060.

22 (4) All distributions directed by this section to be made on the  
23 basis of population must be calculated in accordance with population  
24 data as last determined by the office of financial management.

25 **Sec. 3.** RCW 79.64.110 and 2019 c 415 s 985 and 2019 c 309 s 1  
26 are each reenacted and amended to read as follows:

27 (1) Any moneys derived from the lease of state forestlands or  
28 from the sale of valuable materials, oils, gases, coal, minerals, or  
29 fossils from those lands, except as provided in RCW 79.64.130, or the  
30 appraised value of these resources when transferred to a public  
31 agency under RCW 79.22.060, except as provided in RCW 79.22.060(4),  
32 must be distributed as follows:

33 (a) For state forestlands acquired through RCW 79.22.040 or by  
34 exchange for lands acquired through RCW 79.22.040:

35 (i) The expense incurred by the state for administration,  
36 reforestation, and protection, not to exceed twenty-five percent,  
37 which rate of percentage shall be determined by the board, must be  
38 returned to the forest development account created in RCW 79.64.100.  
39 During the 2017-2019 and 2019-2021 fiscal biennia, the board may

1 increase the twenty-five percent limitation up to twenty-seven  
2 percent.

3 (ii) Any balance remaining must be paid to the county in which  
4 the land is located or, for counties participating in a land pool  
5 created under RCW 79.22.140, to each participating county  
6 proportionate to its contribution of asset value to the land pool as  
7 determined by the board. Payments made under this subsection are to  
8 be paid, distributed, and prorated, except as otherwise provided in  
9 this section, to the various funds in the same manner as general  
10 taxes are paid and distributed during the year of payment. However,  
11 in order to test county flexibility in distributing state forestland  
12 revenue, a county may in its discretion pay, distribute, and prorate  
13 payments made under this subsection of moneys derived from state  
14 forestlands acquired by exchange between July 28, 2019, and June 30,  
15 2020, for lands acquired through RCW 79.22.040, within the same  
16 county, in the same manner as general taxes are paid and distributed  
17 during the year of payment for the former state forestlands that were  
18 subject to the exchange.

19 (iii) Any balance remaining, paid to a county with a population  
20 of less than sixteen thousand, must first be applied to the reduction  
21 of any indebtedness existing in the current expense fund of the  
22 county during the year of payment.

23 (iv) With regard to moneys remaining under this subsection  
24 (1)(a), within seven working days of receipt of these moneys, the  
25 department shall certify to the state treasurer the amounts to be  
26 distributed to the counties. The state treasurer shall distribute  
27 funds to the counties four times per month, with no more than ten  
28 days between each payment date.

29 (b) For state forestlands acquired through RCW 79.22.010 or by  
30 exchange for lands acquired through RCW 79.22.010, except as provided  
31 in RCW 79.64.120:

32 (i) Fifty percent shall be placed in the forest development  
33 account.

34 (ii) Fifty percent shall be prorated and distributed to the state  
35 general fund, to be dedicated for the benefit of the public schools,  
36 to the county in which the land is located or, for counties  
37 participating in a land pool created under RCW 79.22.140, to each  
38 participating county proportionate to its contribution of asset value  
39 to the land pool as determined by the board, and according to the  
40 relative proportions of tax levies of all taxing districts in the

1 county. The portion to be distributed to the state general fund shall  
2 be based on the regular school levy rate under RCW 84.52.065 (1) and  
3 (2) and the levy rate for any (~~maintenance and operation special~~)  
4 school district enrichment levies. With regard to the portion to be  
5 distributed to the counties, the department shall certify to the  
6 state treasurer the amounts to be distributed within seven working  
7 days of receipt of the money. The state treasurer shall distribute  
8 funds to the counties four times per month, with no more than ten  
9 days between each payment date. The money distributed to the county  
10 must be paid, distributed, and prorated to the various other funds in  
11 the same manner as general taxes are paid and distributed during the  
12 year of payment.

13 (2) A school district may transfer amounts deposited in its debt  
14 service fund pursuant to this section into its capital projects fund  
15 as authorized in RCW 28A.320.330.

16 **Sec. 4.** RCW 82.04.051 and 2020 c 109 s 2 are each amended to  
17 read as follows:

18 (1) As used in RCW 82.04.050 and including for the purposes of  
19 the taxes imposed in chapter 82.08 RCW in addition to the taxes  
20 imposed in this chapter, the term "services rendered in respect to"  
21 means, in the context of constructing, building, repairing,  
22 improving, and decorating buildings or other structures, those  
23 services that are directly related to the constructing, building,  
24 repairing, improving, and decorating of buildings or other structures  
25 and that are performed by a person who is responsible for the  
26 performance of the constructing, building, repairing, improving, or  
27 decorating activity. The term does not include services such as  
28 engineering, architectural, surveying, flagging, accounting, legal,  
29 consulting, land development or management, or administrative  
30 services provided to the consumer of, or person responsible for  
31 performing, the constructing, building, repairing, improving, or  
32 decorating services.

33 (2) A contract or agreement under which a person is responsible  
34 for both services that would otherwise be subject to tax as a service  
35 under RCW 82.04.290(2) and also constructing, building, repairing,  
36 improving, or decorating activities that would otherwise be subject  
37 to tax under another section of this chapter is subject to the tax  
38 that applies to the predominant activity under the contract or  
39 agreement.

1 (3) Unless otherwise provided by law, a contract or agreement  
2 under which a person is responsible for activities that are subject  
3 to tax as a service under RCW 82.04.290(2), and a subsequent contract  
4 or agreement under which the same person is responsible for  
5 constructing, building, repairing, improving, or decorating  
6 activities subject to tax under another section of this chapter,  
7 shall not be combined and taxed as a single activity if at the time  
8 of the first contract or agreement it was not contemplated by the  
9 parties, as evidenced by the facts, that the same person would be  
10 awarded both contracts.

11 (4) The definitions in this subsection apply throughout this  
12 section unless the context clearly requires otherwise.

13 (a) "Land development or management" means site identification,  
14 zoning, permitting, and other preconstruction regulatory services  
15 provided to the consumer of the constructing, building, repairing,  
16 improving, or decorating services. This includes, but is not limited  
17 to, acting as an owner's representative during any design or  
18 construction period, including recommending a contractor, monitoring  
19 the budget and schedule, approving invoices, and interacting on the  
20 behalf of the consumer with the person who has control over the work  
21 itself or responsible for the performance of the work.

22 (b) "Responsible for the performance" means that the person is  
23 obligated to perform the activities, either personally or through a  
24 third party. A person who reviews work for a consumer, retailer, or  
25 wholesaler but does not supervise or direct the work is not  
26 responsible for the performance of the work. A person who is  
27 financially obligated for the work, such as a bank, but who does not  
28 have control over the work itself is not responsible for the  
29 performance of the work.

30 **Sec. 5.** RCW 82.04.220 and 2019 c 8 s 103 are each amended to  
31 read as follows:

32 (1) There is levied and collected from every person that has a  
33 substantial nexus with this state, as provided in RCW 82.04.067, a  
34 tax for the act or privilege of engaging in business activities. The  
35 tax is measured by the application of rates against value of  
36 products, gross proceeds of sales, or gross income of the business,  
37 as the case may be.

38 (2) (a) A person who establishes or reestablishes a substantial  
39 nexus with this state (~~(in)~~) after the first day of the current

1 calendar year under the provisions of RCW 82.04.067 is subject to the  
2 tax imposed under this chapter for the current calendar year only on  
3 business activity occurring on and after the date that the person  
4 established or reestablished a substantial nexus with this state in  
5 the current calendar year. (~~This subsection does not apply to a  
6 person who also had a substantial nexus with this state~~)

7 (b) The provisions of (a) of this subsection do not apply to a  
8 person who met any of the criteria in RCW 82.04.067(1) (a) through  
9 (c) during the immediately preceding calendar year ((under RCW  
10 82.04.067)), and such person is taxable under this chapter for the  
11 current calendar year in its entirety.

12 **Sec. 6.** RCW 82.04.2404 and 2017 3rd sp.s. c 37 s 503 are each  
13 amended to read as follows:

14 (1) Upon every person engaging within this state in the business  
15 of manufacturing or processing for hire semiconductor materials, as  
16 to such persons the amount of tax with respect to such business is,  
17 in the case of manufacturers, equal to the value of the product  
18 manufactured, or, in the case of processors for hire, equal to the  
19 gross income of the business, multiplied by the rate of 0.275  
20 percent.

21 (2) For the purposes of this section "semiconductor materials"  
22 means silicon crystals, silicon ingots, raw polished semiconductor  
23 wafers, and compound semiconductor wafers.

24 (3) A person reporting under the tax rate provided in this  
25 section must file a complete annual tax performance report with the  
26 department under RCW 82.32.534.

27 (4) Any person who has claimed the preferential tax rate under  
28 this section must reimburse the department for fifty percent of the  
29 amount of the tax preference under this section, if(~~(~~

30 ~~(a) The~~) the number of persons employed by the person claiming  
31 the tax preference is less than ninety percent of the person's three-  
32 year employment average for the three years immediately preceding the  
33 year in which the preferential tax rate is claimed(~~(~~

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

38 (5) This section expires December 1, 2028.

1       **Sec. 7.** RCW 82.04.260 and 2020 c 165 s 3 are each amended to  
2 read as follows:

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

5       (a) Wheat into flour, barley into pearl barley, soybeans into  
6 soybean oil, canola into canola oil, canola meal, or canola by-  
7 products, or sunflower seeds into sunflower oil; as to such persons  
8 the amount of tax with respect to such business is equal to the value  
9 of the flour, pearl barley, oil, canola meal, or canola by-product  
10 manufactured, multiplied by the rate of 0.138 percent;

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

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

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

39       (A) Products, not including any marijuana-infused product, that  
40 as of September 20, 2001, are identified in 21 C.F.R., chapter 1,



1 parts 131, 133, and 135, including by-products from the manufacturing  
2 of the dairy products, such as whey and casein; and

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

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

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

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

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

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

39 (3) Upon every nonprofit corporation and nonprofit association  
40 engaging within this state in research and development, as to such

1 corporations and associations, the amount of tax with respect to such  
2 activities is equal to the gross income derived from such activities  
3 multiplied by the rate of 0.484 percent.

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

9 (5) (a) Upon every person engaging within this state in the  
10 business of acting as a travel agent or tour operator and whose  
11 annual taxable amount for the prior calendar year from such business  
12 was two hundred fifty thousand dollars or less; as to such persons  
13 the amount of the tax with respect to such activities is equal to the  
14 gross income derived from such activities multiplied by the rate of  
15 0.275 percent.

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

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

30 (7) Upon every person engaging within this state in the business  
31 of stevedoring and associated activities pertinent to the movement of  
32 goods and commodities in waterborne interstate or foreign commerce;  
33 as to such persons the amount of tax with respect to such business is  
34 equal to the gross proceeds derived from such activities multiplied  
35 by the rate of 0.275 percent. Persons subject to taxation under this  
36 subsection are exempt from payment of taxes imposed by chapter 82.16  
37 RCW for that portion of their business subject to taxation under this  
38 subsection. Stevedoring and associated activities pertinent to the  
39 conduct of goods and commodities in waterborne interstate or foreign  
40 commerce are defined as all activities of a labor, service or

1 transportation nature whereby cargo may be loaded or unloaded to or  
2 from vessels or barges, passing over, onto or under a wharf, pier, or  
3 similar structure; cargo may be moved to a warehouse or similar  
4 holding or storage yard or area to await further movement in import  
5 or export or may move to a consolidation freight station and be  
6 stuffed, unstuffed, containerized, separated or otherwise segregated  
7 or aggregated for delivery or loaded on any mode of transportation  
8 for delivery to its consignee. Specific activities included in this  
9 definition are: Wharfage, handling, loading, unloading, moving of  
10 cargo to a convenient place of delivery to the consignee or a  
11 convenient place for further movement to export mode; documentation  
12 services in connection with the receipt, delivery, checking, care,  
13 custody and control of cargo required in the transfer of cargo;  
14 imported automobile handling prior to delivery to consignee; terminal  
15 stevedoring and incidental vessel services, including but not limited  
16 to plugging and unplugging refrigerator service to containers,  
17 trailers, and other refrigerated cargo receptacles, and securing ship  
18 hatch covers.

19 (8) (a) Upon every person engaging within this state in the  
20 business of disposing of low-level waste, as defined in RCW  
21 (~~43.145.010~~) 70A.380.010; as to such persons the amount of the tax  
22 with respect to such business is equal to the gross income of the  
23 business, excluding any fees imposed under chapter (~~43.200~~) 70A.384  
24 RCW, multiplied by the rate of 3.3 percent.

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

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

35 (10) Upon every person engaging within this state in business as  
36 a hospital, as defined in chapter 70.41 RCW, that is operated as a  
37 nonprofit corporation or by the state or any of its political  
38 subdivisions, as to such persons, the amount of tax with respect to  
39 such activities is equal to the gross income of the business

1 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5  
2 percent thereafter.

3 (11)(a) Beginning October 1, 2005, upon every person engaging  
4 within this state in the business of manufacturing commercial  
5 airplanes, or components of such airplanes, or making sales, at  
6 retail or wholesale, of commercial airplanes or components of such  
7 airplanes, manufactured by the seller, as to such persons the amount  
8 of tax with respect to such business is, in the case of  
9 manufacturers, equal to the value of the product manufactured and the  
10 gross proceeds of sales of the product manufactured, or in the case  
11 of processors for hire, equal to the gross income of the business,  
12 multiplied by the rate of:

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

14 (ii) 0.2904 percent beginning July 1, 2007, through March 31,  
15 2020; and

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

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

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

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

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

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

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 provided in this subsection (11)  
6 must file a complete annual tax performance report with the  
7 department under RCW 82.32.534. However, this requirement does not  
8 apply to persons reporting under the tax rate in (a)(iii) of this  
9 subsection (11), so long as that rate remains 0.484 percent, or under  
10 any of the tax rates in (b)(ii)(A) and (B) of this subsection (11),  
11 so long as those tax rates remain the rate imposed pursuant to RCW  
12 82.04.250(1) and 0.484 percent, respectively.

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

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

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

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

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

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

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

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

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

39 (c) Until July 1, 2045, upon every person engaging within this  
40 state in the business of selling at wholesale: (i) Timber extracted

1 by that person; (ii) timber products manufactured by that person from  
2 timber or other timber products; (iii) wood products manufactured by  
3 that person from timber or timber products; or (iv) products defined  
4 in RCW 19.27.570(1) manufactured by that person; as to such persons  
5 the amount of the tax with respect to the business is equal to the  
6 gross proceeds of sales of the timber, timber products, wood  
7 products, or products defined in RCW 19.27.570(1) multiplied by the  
8 rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and  
9 0.2904 percent from July 1, 2007, through June 30, 2045.

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

20 (e) For purposes of this subsection, the following definitions  
21 apply:

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

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

38 (iii) "Recycled paper" means paper and paper products having  
39 fifty percent or more of their fiber content that comes from  
40 postconsumer waste. For purposes of this subsection (12)(e)(iii),

1 "postconsumer waste" means a finished material that would normally be  
2 disposed of as solid waste, having completed its life cycle as a  
3 consumer item.

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

8 (v) "Timber products" means:

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

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

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

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

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

24 (g) Nothing in this subsection (12) may be construed to affect  
25 the taxation of any activity defined as a retail sale in RCW  
26 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW  
27 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

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

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

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



1       **Sec. 8.** RCW 82.04.261 and 2019 c 336 s 5 are each amended to  
2 read as follows:

3       (1) In addition to the taxes imposed under RCW 82.04.260(12), a  
4 surcharge is imposed on those persons who are subject to any of the  
5 taxes imposed under RCW 82.04.260(12). Except as otherwise provided  
6 in this section, the surcharge is equal to 0.052 percent. The  
7 surcharge is added to the rates provided in RCW 82.04.260(12) (a),  
8 (b), (c), and (d).

9       (2) All receipts from the surcharge imposed under this section  
10 must be deposited into the forest and fish support account created in  
11 RCW 76.09.405, with any receipts above eight million dollars per  
12 biennium specifically used as additional funding for tribal  
13 participation grants.

14       (3)(a) The surcharge imposed under this section is suspended if:

15       (i) Before July 1, 2024, receipts from the surcharge total at  
16 least eight million five hundred thousand dollars during any fiscal  
17 biennium;

18       (ii) Between July 1, 2024, (~~and July~~) through June 30, 2029,  
19 receipts from the surcharge total at least nine million dollars  
20 during any fiscal biennium; and

21       (iii) After (~~July~~) June 30, 2029, the receipts from the  
22 surcharge total at least nine million five hundred thousand dollars  
23 during any fiscal biennium.

24       (b) The suspension of the surcharge under this subsection (3)  
25 takes effect on the first day of the calendar month that is at least  
26 thirty days after the end of the month during which the department  
27 determines that receipts from the surcharge total the values  
28 specified in this subsection (3) during the fiscal biennium. The  
29 surcharge is imposed again at the beginning of the following fiscal  
30 biennium.

31       (4) This section expires July 1, 2045.

32       **Sec. 9.** RCW 82.04.2907 and 2015 3rd sp.s. c 5 s 101 are each  
33 amended to read as follows:

34       (1) Upon every person engaging within this state in the business  
35 of receiving income from royalties, the amount of tax with respect to  
36 the business is equal to the gross income from royalties multiplied  
37 by the rate (~~(provided in RCW 82.04.290(2)(a))~~) of 1.5 percent.

38       (2) For the purposes of this section, "gross income from  
39 royalties" means compensation for the use of intangible property,

1 including charges in the nature of royalties, regardless of where the  
2 intangible property will be used. For purposes of this subsection,  
3 "intangible property" includes copyrights, patents, licenses,  
4 franchises, trademarks, trade names, and similar items. "Gross income  
5 from royalties" does not include compensation for any natural  
6 resource, the licensing of prewritten computer software to the end  
7 user, or the licensing of digital goods, digital codes, or digital  
8 automated services to the end user as defined in RCW 82.04.190(11).

9 **Sec. 10.** RCW 82.08.0531 and 2019 c 8 s 201 are each amended to  
10 read as follows:

11 (1) For purposes of this chapter and chapters 82.04 and 82.12  
12 RCW, a marketplace facilitator is deemed to be an agent of any  
13 marketplace seller making retail sales through the marketplace  
14 facilitator's marketplace.

15 (2) Beginning October 1, 2018, marketplace facilitators subject  
16 to a tax collection obligation under RCW 82.08.052 (1) or (2) must  
17 collect and remit to the department retail sales tax on all taxable  
18 retail sales made or facilitated by the marketplace facilitator,  
19 whether in its own right or as an agent of a marketplace seller,  
20 regardless of whether the marketplace seller is subject to a tax  
21 collection obligation under RCW 82.08.052 (1) or (2). Beginning  
22 January 1, 2020, the collection obligation of a marketplace  
23 facilitator under this chapter also applies to any other taxes and  
24 fees, as defined under RCW 82.02.260, that are imposed on a retail  
25 sale made or facilitated by the marketplace facilitator, whether in  
26 its own right or as an agent of a marketplace seller, regardless of  
27 whether the marketplace seller has a tax collection obligation under  
28 RCW 82.08.052 (1) or (2).

29 (3) In addition to other applicable recordkeeping requirements,  
30 the department may require a marketplace facilitator to provide or  
31 make available to the department any information the department  
32 determines is reasonably necessary to enforce the provisions of this  
33 chapter and chapter 82.13 RCW. Such information may include  
34 documentation of sales made by marketplace sellers through the  
35 marketplace facilitator's marketplace . The department may prescribe  
36 by rule the form and manner for providing this information.

37 (4)(a) Beginning July 1, 2019, to ensure that marketplace sellers  
38 have the necessary information to timely and accurately file their  
39 excise tax returns with the department pursuant to RCW 82.32.045, a

1 marketplace facilitator must, at a minimum, provide each of its  
2 marketplace sellers with access, through a written report or other  
3 means, to gross sales information for all Washington sales made as an  
4 agent of the marketplace seller under this section during the  
5 immediately preceding month. Marketplace facilitators must provide  
6 such access within fifteen calendar days following the end of each  
7 month.

8 (b) If a marketplace seller does not receive the gross sales  
9 information for all Washington sales through a marketplace  
10 facilitator, as required under (a) of this subsection (4), the  
11 marketplace seller may determine its business and occupation tax  
12 liability under chapter 82.04 RCW based on a reasonable method of  
13 estimating Washington sales as may be required or approved by the  
14 department.

15 (c) For purposes of this subsection, "Washington sales" means any  
16 sale sourced to this state under RCW 82.32.730, regardless of whether  
17 the sale is a retail sale.

18 (5) If a marketplace facilitator has fully complied with the  
19 requirements of subsection (4)(a) of this section, the marketplace  
20 facilitator is relieved of liability under this chapter and chapter  
21 82.12 RCW for failure to collect the correct amount of tax to the  
22 extent that the marketplace facilitator can show to the department's  
23 satisfaction that the error was due to incorrect information given to  
24 the marketplace facilitator by the marketplace seller, unless the  
25 marketplace facilitator and marketplace seller are affiliated  
26 persons. Where the marketplace facilitator is relieved of liability  
27 under this subsection (5), the marketplace seller is solely liable  
28 for the amount of uncollected tax due.

29 (6)(a) Subject to the limits in (b) and (c) of this subsection  
30 (6), a marketplace facilitator that has fully complied with the  
31 requirements of subsection (4)(a) of this section is relieved of  
32 liability under this chapter and chapter 82.12 RCW for the failure to  
33 collect tax on taxable retail sales to the extent that the  
34 marketplace facilitator can show to the department's satisfaction  
35 that:

36 (i) The taxable retail sale was made through the marketplace  
37 facilitator's marketplace;

38 (ii) The taxable retail sale was made solely as the agent of a  
39 marketplace seller, and the marketplace facilitator and marketplace  
40 seller are not affiliated persons; and

1 (iii) The failure to collect sales tax was not due to an error in  
2 sourcing the sale under RCW 82.32.730.

3 (b) Liability relief for a marketplace facilitator under (a) of  
4 this subsection (6) for a calendar year is limited as follows:

5 (i) For calendar year 2018, the liability relief may not exceed  
6 ten percent of the total tax due under this chapter and chapter 82.12  
7 RCW on taxable retail sales facilitated by the marketplace  
8 facilitator as agent of a marketplace seller and sourced to this  
9 state under RCW 82.32.730 during the same calendar year.

10 (ii) For calendar year 2019, the liability relief may not exceed  
11 five percent of the total tax due under this chapter and chapter  
12 82.12 RCW on taxable retail sales by the marketplace facilitator as  
13 agent of a marketplace seller and sourced to this state under RCW  
14 82.32.730 during the same calendar year.

15 (iii) The provisions of this subsection (6) do not apply to  
16 retail sales made after December 31, 2019.

17 (c) For purposes of this subsection (6), a retail sale is deemed  
18 to be facilitated by a marketplace facilitator when the marketplace  
19 facilitator either:

20 (i) Accepts the order for the product;

21 (ii) Communicates to the marketplace seller the buyer's offer to  
22 purchase the product;

23 (iii) Accepts the buyer's payment for the product; or

24 (iv) Delivers or arranges for delivery of the product.

25 (d) Where the marketplace facilitator (~~(or referrer)~~) is relieved  
26 of liability under this subsection (6), the marketplace seller is  
27 also relieved of liability for the amount of uncollected tax due,  
28 subject to the limitations in subsection (7) of this section.

29 (e) The department may by rule determine the manner in which a  
30 taxpayer may claim the liability relief provided under this  
31 subsection.

32 (7) Except as otherwise provided in this section, a marketplace  
33 seller obligated to collect the taxes imposed under this chapter and  
34 chapter 82.12 RCW is not required to collect such taxes on all  
35 taxable retail sales through a marketplace operated by a marketplace  
36 facilitator if the marketplace seller has obtained documentation from  
37 the marketplace facilitator indicating that the marketplace  
38 facilitator is registered with the department and will collect all  
39 applicable taxes due under this chapter and chapter 82.12 RCW on all  
40 taxable retail sales made on behalf of the marketplace seller through

1 the marketplace operated by the marketplace facilitator . The  
2 documentation required by this subsection (7) must be provided in a  
3 form and manner prescribed by or acceptable to the department. This  
4 subsection (7) does not relieve a marketplace seller from liability  
5 for uncollected taxes due under this chapter or chapter 82.12 RCW  
6 resulting from a marketplace facilitator's failure to collect the  
7 proper amount of tax due when the error was due to incorrect  
8 information given to the marketplace facilitator by the marketplace  
9 seller.

10 (8) No class action may be brought against a marketplace  
11 facilitator in any court of this state on behalf of purchasers  
12 arising from or in any way related to an overpayment of sales or use  
13 tax collected by the marketplace facilitator, regardless of whether  
14 that claim is characterized as a tax refund claim. Nothing in this  
15 subsection affects a purchaser's right to seek a refund from the  
16 department as provided under chapter 82.32 RCW.

17 (9) Nothing in this section affects the obligation of any  
18 purchaser to remit sales or use tax and any other applicable taxes  
19 and fees, as to any applicable taxable transaction in which the  
20 seller or the seller's agent does not collect and remit sales tax.

21 **Sec. 11.** RCW 82.08.956 and 2013 2nd sp.s. c 13 s 1002 are each  
22 amended to read as follows:

23 (1) The tax levied by RCW 82.08.020 does not apply to sales of  
24 hog fuel used to produce electricity, steam, heat, or biofuel. This  
25 exemption is available only if the buyer provides the seller with an  
26 exemption certificate in a form and manner prescribed by the  
27 department. The seller must retain a copy of the certificate for the  
28 seller's files.

29 (2) For the purposes of this section the following definitions  
30 apply:

31 (a) "Hog fuel" means wood waste and other wood residuals  
32 including forest derived biomass. "Hog fuel" does not include  
33 firewood or wood pellets; and

34 (b) "Biofuel" (~~((has the same meaning as provided in RCW~~  
35 ~~43.325.010))~~ means a liquid or gaseous fuel derived from organic  
36 matter intended for use as a transportation fuel including, but not  
37 limited to, biodiesel, renewable diesel, ethanol, renewable natural  
38 gas, and renewable propane.

1 (3) If a taxpayer who claimed an exemption under this section  
2 closes a facility in Washington for which employment positions were  
3 reported under RCW 82.32.605, resulting in a loss of jobs located  
4 within the state, the department must declare the amount of the tax  
5 exemption claimed under this section for the previous two calendar  
6 years to be immediately due.

7 (4) This section expires June 30, 2024.

8 **Sec. 12.** RCW 82.08.9651 and 2020 c 139 s 17 are each amended to  
9 read as follows:

10 (1) The tax levied by RCW 82.08.020 does not apply to sales of  
11 gases and chemicals used by a manufacturer or processor for hire in  
12 the production of semiconductor materials. This exemption is limited  
13 to gases and chemicals used in the production process to grow the  
14 product, deposit or grow permanent or sacrificial layers on the  
15 product, to etch or remove material from the product, to anneal the  
16 product, to immerse the product, to clean the product, and other such  
17 uses whereby the gases and chemicals come into direct contact with  
18 the product during the production process, or uses of gases and  
19 chemicals to clean the chambers and other like equipment in which  
20 such processing takes place. For the purposes of this section,  
21 "semiconductor materials" has the meaning provided in RCW 82.04.2404  
22 and 82.04.294(3).

23 (2) A person claiming the exemption under this section must file  
24 a complete annual tax performance report with the department under  
25 RCW 82.32.534.

26 (3) No application is necessary for the tax exemption. The person  
27 is subject to all of the requirements of chapter 82.32 RCW.

28 (4) Any person who has claimed the exemption under this section  
29 must reimburse the department for fifty percent of the amount of the  
30 tax preference under this section, if((÷

31 ~~(a) The~~) the number of persons employed by the person claiming  
32 the tax preference is less than ninety percent of the person's three-  
33 year employment average for the three years immediately preceding the  
34 year in which the exemption is claimed((÷~~or~~

35 ~~(b) The person is subject to a review under section 501(4)(a),~~  
36 ~~chapter 37, Laws of 2017 3rd sp. sess. and such person does not meet~~  
37 ~~performance criteria in section 501(4)(a), chapter 37, Laws of 2017~~  
38 ~~3rd sp. sess)).~~

39 (5) This section expires December 1, 2028.

1       **Sec. 13.** RCW 82.08.9999 and 2019 c 287 s 9 are each amended to  
2 read as follows:

3       (1) Beginning August 1, 2019, with sales made or lease agreements  
4 signed on or after the qualification period start date:

5       (a) The tax levied by RCW 82.08.020 does not apply as provided in  
6 (b) of this subsection to sales or leases of new or used passenger  
7 cars, light duty trucks, and medium duty passenger vehicles that:

8       (i) Are exclusively powered by a clean alternative fuel; or

9       (ii) Use at least one method of propulsion that is capable of  
10 being reenergized by an external source of electricity and are  
11 capable of traveling at least thirty miles using only battery power;  
12 and

13       (iii) (A) Have a vehicle selling price plus trade-in property of  
14 like kind for purchased vehicles that:

15       (I) For a vehicle that is a new vehicle at the time of the  
16 purchase date or the date the lease agreement was signed, does not  
17 exceed forty-five thousand dollars; or

18       (II) For a vehicle that is a used vehicle at the time of the  
19 purchase date or the date the lease agreement was signed, does not  
20 exceed thirty thousand dollars; or

21       (B) Have a fair market value at the inception of the lease for  
22 leased vehicles that:

23       (I) For a vehicle that is a new vehicle at the time of the  
24 purchase date or the date the lease agreement was signed, does not  
25 exceed forty-five thousand dollars; or

26       (II) For a vehicle that is a used vehicle at the time of the  
27 purchase date or the date the lease agreement was signed, does not  
28 exceed thirty thousand dollars;

29       (b) (i) The exemption in this section is applicable for up to the  
30 amounts specified in (b) (ii) or (iii) of this subsection of:

31       (A) The total amount of the vehicle's selling price, for sales  
32 made; or

33       (B) The total lease payments made plus any additional selling  
34 price of the leased vehicle if the original lessee purchases the  
35 leased vehicle before the qualification period end date, for lease  
36 agreements signed.

37       (ii) Based on the purchase date or the date the lease agreement  
38 was signed of the vehicle if the vehicle is a new vehicle at the time  
39 of the purchase date or the date the lease agreement was signed:

1 (A) From the qualification period start date until July 31, 2021,  
2 the maximum amount eligible under (b)(i) of this subsection is  
3 twenty-five thousand dollars;

4 (B) From August 1, 2021, until July 31, 2023, the maximum amount  
5 eligible under (b)(i) of this subsection is twenty thousand dollars;

6 (C) From August 1, 2023, until July 31, 2025, the maximum amount  
7 eligible under (b)(i) of this subsection is fifteen thousand dollars.

8 (iii) If the vehicle is a used vehicle at the time of the  
9 purchase date or the date the lease agreement was signed, the maximum  
10 amount eligible under (b)(i) of this subsection is sixteen thousand  
11 dollars.

12 (2) The seller must keep records necessary for the department to  
13 verify eligibility under this section. A person claiming the  
14 exemption must also submit itemized information to the department for  
15 all vehicles for which an exemption is claimed that must include the  
16 following: Vehicle make; vehicle model; model year; whether the  
17 vehicle has been sold or leased; date of sale or start date of lease;  
18 length of lease; sales price for purchased vehicles and fair market  
19 value at the inception of the lease for leased vehicles; and the  
20 total amount qualifying for the incentive claimed for each vehicle,  
21 in addition to the future monthly amount to be claimed for each  
22 leased vehicle. This information must be provided in a form and  
23 manner prescribed by the department.

24 (3)(a) The department of licensing must maintain and publish a  
25 list of all vehicle models qualifying for the tax exemptions under  
26 this section or RCW 82.12.9999 until the expiration date of this  
27 section, and is authorized to issue final rulings on vehicle model  
28 qualification for these criteria. A seller is not responsible for  
29 repayment of the tax exemption under this section and RCW 82.12.9999  
30 for a vehicle if the department of licensing's published list of  
31 qualifying vehicle models on the purchase date or the date the lease  
32 agreement was signed includes the vehicle model and the department of  
33 licensing subsequently removes the vehicle model from the published  
34 list, and, if applicable, the vehicle meets the qualifying criterion  
35 under subsection (1)(a)(iii)(B) of this section and RCW  
36 82.12.9999(1)(a)(iii)(B).

37 (b) The department of revenue retains responsibility for  
38 determining whether a vehicle meets the applicable qualifying  
39 criterion under subsection (1)(a)(iii)(B) of this section and RCW  
40 82.12.9999(1)(a)(iii)(B).



1 (4) On the last day of January, April, July, and October of each  
2 year, the state treasurer, based upon information provided by the  
3 department, must transfer from the electric vehicle account to the  
4 general fund a sum equal to the dollar amount that would otherwise  
5 have been deposited into the general fund during the prior calendar  
6 quarter but for the exemption provided in this section. Information  
7 provided by the department to the state treasurer must be based on  
8 the best available data, except that the department may provide  
9 estimates of taxes exempted under this section until such time as  
10 retailers are able to report such exempted amounts on their tax  
11 returns.

12 (5) By the last day of October 2019, and every six months  
13 thereafter until this section expires, based on the best available  
14 data, the department must report the following information to the  
15 transportation committees of the legislature: The cumulative number  
16 of vehicles that qualified for the exemption under this section and  
17 RCW 82.12.9999 by month of purchase or lease start and vehicle make  
18 and model; the dollar amount of all state retail sales and use taxes  
19 exempted on or after the qualification period start date, under this  
20 section and RCW 82.12.9999; and estimates of the future costs of  
21 leased vehicles that qualified for the exemption under this section  
22 and RCW 82.12.9999.

23 (6) The definitions in this subsection apply throughout this  
24 section unless the context clearly requires otherwise.

25 (a) "Clean alternative fuel" means natural gas, propane,  
26 hydrogen, or electricity, when used as a fuel in a motor vehicle that  
27 meets the California motor vehicle emission standards in Title 13 of  
28 the California Code of Regulations, effective January 1, 2019, and  
29 the rules of the Washington state department of ecology.

30 (b) "Fair market value" has the same meaning as "value of the  
31 article used" in RCW 82.12.010.

32 (c) "New vehicle" has the same meaning as "new motor vehicle" in  
33 RCW 46.04.358.

34 (d) "Qualification period end date" means August 1, 2025.

35 (e) "Qualification period start date" means (~~July 28~~) August 1,  
36 2019.

37 (f) "Used vehicle" has the same meaning as in RCW 46.04.660.

38 (7)(a) Sales of vehicles delivered to the buyer or leased  
39 vehicles for which the lease agreement was signed after the

1 qualification period end date do not qualify for the exemption under  
2 this section.

3 (b) All leased vehicles that qualified for the exemption under  
4 this section before the qualification period end date must continue  
5 to receive the exemption as described under subsection (1)(b) of this  
6 section on any lease payments due through the remainder of the lease  
7 before August 1, 2028.

8 (8) This section expires August 1, 2028.

9 (9) This section is supported by the revenues generated in RCW  
10 46.17.324, and therefore takes effect only if RCW 46.17.324 is  
11 enacted by June 30, 2019.

12 **Sec. 14.** RCW 82.12.956 and 2013 2nd sp.s. c 13 s 1003 are each  
13 amended to read as follows:

14 (1) The provisions of this chapter do not apply with respect to  
15 the use of hog fuel for production of electricity, steam, heat, or  
16 biofuel.

17 (2) For the purposes of this section:

18 (a) "Hog fuel" has the same meaning as provided in RCW 82.08.956;  
19 and

20 (b) "Biofuel" has the same meaning as provided in RCW  
21 (~~43.325.010~~) 82.08.956.

22 (3) This section expires June 30, 2024.

23 **Sec. 15.** RCW 82.12.9651 and 2020 c 139 s 22 are each amended to  
24 read as follows:

25 (1) The provisions of this chapter do not apply with respect to  
26 the use of gases and chemicals used by a manufacturer or processor  
27 for hire in the production of semiconductor materials. This exemption  
28 is limited to gases and chemicals used in the production process to  
29 grow the product, deposit or grow permanent or sacrificial layers on  
30 the product, to etch or remove material from the product, to anneal  
31 the product, to immerse the product, to clean the product, and other  
32 such uses whereby the gases and chemicals come into direct contact  
33 with the product during the production process, or uses of gases and  
34 chemicals to clean the chambers and other like equipment in which  
35 such processing takes place. For purposes of this section,  
36 "semiconductor materials" has the meaning provided in RCW 82.04.2404  
37 and 82.04.294(3).

1 (2) A person claiming the exemption under this section must file  
2 a complete annual tax performance report with the department under  
3 RCW 82.32.534.

4 (3) No application is necessary for the tax exemption. The person  
5 is subject to all of the requirements of chapter 82.32 RCW.

6 (4) Any person who has claimed the exemption under this section  
7 must reimburse the department for fifty percent of the amount of the  
8 tax preference under this section, if(~~(+~~

9 ~~(a) The~~) the number of persons employed by the person claiming  
10 the tax preference is less than ninety percent of the person's three-  
11 year employment average for the three years immediately preceding the  
12 year in which the exemption is claimed(~~(+ or~~

13 ~~(b) The person is subject to a review under section 501(4)(a),~~  
14 ~~chapter 37, Laws of 2017 3rd sp. sess. and such person does not meet~~  
15 ~~performance criteria in section 501(4)(a), chapter 37, Laws of 2017~~  
16 ~~3rd sp. sess)).~~

17 (5) This section expires December 1, 2028.

18 **Sec. 16.** RCW 82.14.532 and 2019 c 273 s 11 are each amended to  
19 read as follows:

20 (1) Subject to the requirements of chapter 35.107 RCW and RCW  
21 81.104.170, a project is eligible for a sales and use tax remittance  
22 under the authority of this chapter on:

23 (a) The sale of or charge made for labor and services rendered in  
24 respect to construction or rehabilitation of a qualifying project  
25 located in a city; and

26 (b) The sales or use of tangible personal property that will be  
27 incorporated as an ingredient or component of a qualifying project  
28 located in a city during the course of the constructing or  
29 rehabilitating.

30 (2)(a) A qualifying project owner claiming a remittance under  
31 this section must pay all applicable state and local sales and use  
32 taxes imposed or authorized under RCW 82.08.020, 82.12.020, and this  
33 chapter on all purchases and uses qualifying for the remittance.

34 (b) The amount of the remittance is one hundred percent of the  
35 local sales and use taxes paid (~~(under an ordinance enacted under the~~  
36 ~~authority of this chapter for purchases or uses qualifying under~~  
37 ~~subsection (1) of this section, if the~~) on purchases and uses  
38 qualifying under subsection (1) of this section, with respect to  
39 taxes imposed by the city and any other taxing authorities (~~(imposing~~

1 ~~taxes under the authority of this chapter~~) that have authorized the  
2 use of the remittance (~~to the city legislative authority~~) as  
3 provided under RCW (~~35.107.050~~) 35.107.040. A city authorizing a  
4 remittance under this subsection must notify the department of an  
5 approved qualifying project within 60 days of the city's approval of  
6 the project. Such notice must include the information required under  
7 RCW 35.107.040(2) (a) through (c).

8 (3) After the qualifying project has been operationally complete  
9 for eighteen months, but not more than thirty-six months, and after  
10 all state and local sales and use taxes for purchases and uses  
11 qualifying under subsection (1) of this section have been paid, a  
12 qualifying project owner who submits an application for a building  
13 permit for that qualifying project prior to July 1, 2027, may apply  
14 to the department for a remittance of local sales and use taxes.

15 (4) A qualifying project owner requesting a remittance under this  
16 section must obtain certification from the governing authority of a  
17 city verifying that the qualifying project has satisfied the criteria  
18 in RCW 35.107.050.

19 (5) A qualifying project owner must specify the amount of  
20 exempted tax claimed and the qualifying purchases or uses for which  
21 the exemption is claimed. The qualifying project owner must retain,  
22 in adequate detail, records to enable the department to determine  
23 whether the qualifying project owner is entitled to an exemption  
24 under this section, including invoices, proof of tax paid, and  
25 construction contracts.

26 (6) The department must determine eligibility under this section  
27 based on information provided by the qualifying project owner, which  
28 is subject to audit verification by the department.

29 (7)(a) A person otherwise eligible for a remittance under this  
30 section that transfers the ownership of the qualifying project before  
31 the requirements in subsection (3) of this section are met may assign  
32 the right to the remittance under this section to the subsequent  
33 owner of the qualifying project.

34 (b) Persons applying for the remittance as an assignee must  
35 provide the department the following documentation in a form and  
36 manner as provided by the department:

37 (i) The agreement that transfers the right to the remittance to  
38 the assignee;

39 (ii) Proof of payment of sales and use tax on the qualifying  
40 project; and

1 (iii) Any other documentation the department requires.

2 (8) The definitions in RCW 35.107.020 apply to this section.

3 **Sec. 17.** RCW 82.29A.090 and 2002 c 177 s 1 are each amended to  
4 read as follows:

5 (1) (~~Bimonthly~~) Monthly the state treasurer (~~shall~~) must make  
6 distribution from the local leasehold excise tax account to the  
7 counties and cities the amount of tax collected on behalf of each  
8 county or city.

9 (2) (~~Earnings accrued through July 31, 2002, shall be disbursed~~  
10 ~~to counties and cities proportionate to the amount of tax collected~~  
11 ~~annually on behalf of each county or city.~~

12 (~~3~~) (~~After July 31, 2002, bimonthly~~) Monthly the state treasurer  
13 (~~shall~~) must disburse earnings from the local leasehold excise tax  
14 account to the counties or cities proportionate to the amount of tax  
15 collected on behalf of each county or city.

16 (~~4~~) (3) The state treasurer shall make the distribution under  
17 this section without appropriation.

18 **Sec. 18.** RCW 82.32.330 and 2011 c 174 s 404 are each amended to  
19 read as follows:

20 (1) For purposes of this section:

21 (a) "Disclose" means to make known to any person in any manner  
22 whatever a return or tax information;

23 (b) "Return" means a tax or information return or claim for  
24 refund required by, or provided for or permitted under, the laws of  
25 this state which is filed with the department of revenue by, on  
26 behalf of, or with respect to a person, and any amendment or  
27 supplement thereto, including supporting schedules, attachments, or  
28 lists that are supplemental to, or part of, the return so filed;

29 (c) "Tax information" means (i) a taxpayer's identity, (ii) the  
30 nature, source, or amount of the taxpayer's income, payments,  
31 receipts, deductions, exemptions, credits, assets, liabilities, net  
32 worth, tax liability deficiencies, overassessments, or tax payments,  
33 whether taken from the taxpayer's books and records or any other  
34 source, (iii) whether the taxpayer's return was, is being, or will be  
35 examined or subject to other investigation or processing, (iv) a part  
36 of a written determination that is not designated as a precedent and  
37 disclosed pursuant to RCW 82.32.410, or a background file document  
38 relating to a written determination, and (v) other data received by,

1 recorded by, prepared by, furnished to, or collected by the  
2 department of revenue with respect to the determination of the  
3 existence, or possible existence, of liability, or the amount  
4 thereof, of a person under the laws of this state for a tax, penalty,  
5 interest, fine, forfeiture, or other imposition, or offense. However,  
6 data, material, or documents that do not disclose information related  
7 to a specific or identifiable taxpayer do not constitute tax  
8 information under this section. Except as provided by RCW 82.32.410,  
9 nothing in this chapter requires any person possessing data,  
10 material, or documents made confidential and privileged by this  
11 section to delete information from such data, material, or documents  
12 so as to permit its disclosure;

13 (d) "State agency" means every Washington state office,  
14 department, division, bureau, board, commission, or other state  
15 agency;

16 (e) "Taxpayer identity" means the taxpayer's name, address,  
17 telephone number, registration number, or any combination thereof, or  
18 any other information disclosing the identity of the taxpayer; and

19 (f) "Department" means the department of revenue or its officer,  
20 agent, employee, or representative.

21 (2) Returns and tax information are confidential and privileged,  
22 and except as authorized by this section, neither the department of  
23 revenue nor any other person may disclose any return or tax  
24 information.

25 (3) This section does not prohibit the department of revenue  
26 from:

27 (a) Disclosing such return or tax information in a civil or  
28 criminal judicial proceeding or an administrative proceeding:

29 (i) In respect of any tax imposed under the laws of this state if  
30 the taxpayer or its officer or other person liable under this title  
31 or chapter 83.100 RCW is a party in the proceeding;

32 (ii) In which the taxpayer about whom such return or tax  
33 information is sought and another state agency are adverse parties in  
34 the proceeding; or

35 (iii) Brought by the department under RCW 18.27.040 or 19.28.071;

36 (b) Disclosing, subject to such requirements and conditions as  
37 the director prescribes by rules adopted pursuant to chapter 34.05  
38 RCW, such return or tax information regarding a taxpayer to such  
39 taxpayer or to such person or persons as that taxpayer may designate  
40 in a request for, or consent to, such disclosure, or to any other

1 person, at the taxpayer's request, to the extent necessary to comply  
2 with a request for information or assistance made by the taxpayer to  
3 such other person. However, tax information not received from the  
4 taxpayer must not be so disclosed if the director determines that  
5 such disclosure would compromise any investigation or litigation by  
6 any federal, state, or local government agency in connection with the  
7 civil or criminal liability of the taxpayer or another person, or  
8 that such disclosure would identify a confidential informant, or that  
9 such disclosure is contrary to any agreement entered into by the  
10 department that provides for the reciprocal exchange of information  
11 with other government agencies which agreement requires  
12 confidentiality with respect to such information unless such  
13 information is required to be disclosed to the taxpayer by the order  
14 of any court;

15 (c) Disclosing the name of a taxpayer against whom a warrant  
16 under RCW 82.32.210 has been either issued or filed and remains  
17 outstanding for a period of at least ten working days. The department  
18 is not required to disclose any information under this subsection if  
19 a taxpayer has entered a deferred payment arrangement with the  
20 department for the payment of a warrant that has not been filed and  
21 is making payments upon such deficiency that will fully satisfy the  
22 indebtedness within twelve months;

23 (d) Publishing statistics so classified as to prevent the  
24 identification of particular returns or reports or items thereof;

25 (e) Disclosing such return or tax information, for official  
26 purposes only, to the governor or attorney general, or to any state  
27 agency, or to any committee or subcommittee of the legislature  
28 dealing with matters of taxation, revenue, trade, commerce, the  
29 control of industry or the professions;

30 (f) Permitting the department of revenue's records to be audited  
31 and examined by the proper state officer, his or her agents and  
32 employees;

33 (g) Disclosing any such return or tax information to a peace  
34 officer as defined in RCW 9A.04.110 or county prosecuting attorney,  
35 for official purposes. The disclosure may be made only in response to  
36 a search warrant, subpoena, or other court order, unless the  
37 disclosure is for the purpose of criminal tax enforcement. A peace  
38 officer or county prosecuting attorney who receives the return or tax  
39 information may disclose that return or tax information only for use  
40 in the investigation and a related court proceeding, or in the court

1 proceeding for which the return or tax information originally was  
2 sought;

3 (h) Disclosing any such return or tax information to the proper  
4 officer of the internal revenue service of the United States, the  
5 Canadian government or provincial governments of Canada, or to the  
6 proper officer of the tax department of any state or city or town or  
7 county, for official purposes, but only if the statutes of the United  
8 States, Canada or its provincial governments, or of such other state  
9 or city or town or county, as the case may be, grants substantially  
10 similar privileges to the proper officers of this state;

11 (i) Disclosing any such return or tax information to the United  
12 States department of justice, including the bureau of alcohol,  
13 tobacco, firearms and explosives, the department of defense, the  
14 immigration and customs enforcement and the customs and border  
15 protection agencies of the United States department of homeland  
16 security, the United States coast guard, the alcohol and tobacco tax  
17 and trade bureau of the United States department of treasury, and the  
18 United States department of transportation, or any authorized  
19 representative of these federal agencies, for official purposes;

20 (j) Publishing or otherwise disclosing the text of a written  
21 determination designated by the director as a precedent pursuant to  
22 RCW 82.32.410;

23 (k) Disclosing, in a manner that is not associated with other tax  
24 information, the taxpayer name, entity type, business address,  
25 mailing address, revenue tax registration numbers, reseller permit  
26 numbers and the expiration date and status of such permits, North  
27 American industry classification system or standard industrial  
28 classification code of a taxpayer, and the dates of opening and  
29 closing of business. This subsection may not be construed as giving  
30 authority to the department to give, sell, or provide access to any  
31 list of taxpayers for any commercial purpose;

32 (l) Disclosing such return or tax information that is also  
33 maintained by another Washington state or local governmental agency  
34 as a public record available for inspection and copying under the  
35 provisions of chapter 42.56 RCW or is (~~a document~~) maintained by a  
36 court of record and is not otherwise prohibited from disclosure;

37 (m) Disclosing such return or tax information to the United  
38 States department of agriculture for the limited purpose of  
39 investigating food stamp fraud by retailers;



1 (n) Disclosing to a financial institution, escrow company, or  
2 title company, in connection with specific real property that is the  
3 subject of a real estate transaction, current amounts due the  
4 department for a filed tax warrant, judgment, or lien against the  
5 real property;

6 (o) Disclosing to a person against whom the department has  
7 asserted liability as a successor under RCW 82.32.140 return or tax  
8 information pertaining to the specific business of the taxpayer to  
9 which the person has succeeded;

10 (p) Disclosing real estate excise tax affidavit forms filed under  
11 RCW 82.45.150 in the possession of the department, including real  
12 estate excise tax affidavit forms for transactions exempt or  
13 otherwise not subject to tax;

14 (q) Disclosing to local taxing jurisdictions the identity of  
15 sellers granted relief under RCW 82.32.430(5)(b)(i) and the period  
16 for which relief is granted;

17 (r) Disclosing such return or tax information to the court in  
18 respect to the department's application for a subpoena under RCW  
19 82.32.117;

20 (s) Disclosing to a person against whom the department has  
21 asserted liability under RCW 83.100.120 return or tax information  
22 pertaining to that person's liability for tax under chapter 83.100  
23 RCW;

24 (t) Disclosing such return or tax information to the streamlined  
25 sales tax governing board, member states of the streamlined sales tax  
26 governing board, or authorized representatives of such board or  
27 states, for the limited purposes of:

28 (i) Conducting on behalf of member states sales and use tax  
29 audits of taxpayers; or

30 (ii) Auditing certified service providers or certified automated  
31 systems providers; (~~(e)~~)

32 (u) Disclosing any such return or tax information when the  
33 disclosure is specifically authorized under any other section of the  
34 Revised Code of Washington;

35 (v) Disclosing to an individual to whom the department has issued  
36 an assessment under RCW 82.32.145 for unpaid trust fund taxes of a  
37 defunct or insolvent entity, return or tax information of that entity  
38 pertaining to those unpaid trust fund taxes; or

39 (w) Disclosing any such return or tax information pursuant to a  
40 federal grand jury subpoena or subpoena issued by a United States

1 attorney, only to be used in the criminal investigation and related  
2 court proceedings, or in the court proceeding for which the return or  
3 tax information originally was sought.

4 (4) (a) The department may disclose return or taxpayer information  
5 to a person under investigation or during any court or administrative  
6 proceeding against a person under investigation as provided in this  
7 subsection (4). The disclosure must be in connection with the  
8 department's official duties relating to an audit, collection  
9 activity, or a civil or criminal investigation. The disclosure may  
10 occur only when the person under investigation and the person in  
11 possession of data, materials, or documents are parties to the return  
12 or tax information to be disclosed. The department may disclose  
13 return or tax information such as invoices, contracts, bills,  
14 statements, resale or exemption certificates, or checks. However, the  
15 department may not disclose general ledgers, sales or cash receipt  
16 journals, check registers, accounts receivable/payable ledgers,  
17 general journals, financial statements, expert's workpapers, income  
18 tax returns, state tax returns, tax return workpapers, or other  
19 similar data, materials, or documents.

20 (b) Before disclosure of any tax return or tax information under  
21 this subsection (4), the department must, through written  
22 correspondence, inform the person in possession of the data,  
23 materials, or documents to be disclosed. The correspondence must  
24 clearly identify the data, materials, or documents to be disclosed.  
25 The department may not disclose any tax return or tax information  
26 under this subsection (4) until the time period allowed in (c) of  
27 this subsection has expired or until the court has ruled on any  
28 challenge brought under (c) of this subsection.

29 (c) The person in possession of the data, materials, or documents  
30 to be disclosed by the department has twenty days from the receipt of  
31 the written request required under (b) of this subsection to petition  
32 the superior court of the county in which the petitioner resides for  
33 injunctive relief. The court must limit or deny the request of the  
34 department if the court determines that:

35 (i) The data, materials, or documents sought for disclosure are  
36 cumulative or duplicative, or are obtainable from some other source  
37 that is more convenient, less burdensome, or less expensive;

38 (ii) The production of the data, materials, or documents sought  
39 would be unduly burdensome or expensive, taking into account the  
40 needs of the department, the amount in controversy, limitations on

1 the petitioner's resources, and the importance of the issues at  
2 stake; or

3 (iii) The data, materials, or documents sought for disclosure  
4 contain trade secret information that, if disclosed, could harm the  
5 petitioner.

6 (d) The department must reimburse reasonable expenses for the  
7 production of data, materials, or documents incurred by the person in  
8 possession of the data, materials, or documents to be disclosed.

9 (e) Requesting information under (b) of this subsection that may  
10 indicate that a taxpayer is under investigation does not constitute a  
11 disclosure of tax return or tax information under this section.

12 (5) Service of a subpoena issued under RCW 82.32.117 does not  
13 constitute a disclosure of return or tax information under this  
14 section. Notwithstanding anything else to the contrary in this  
15 section, a person served with a subpoena under RCW 82.32.117 may  
16 disclose the existence or content of the subpoena to that person's  
17 legal counsel.

18 (6) Any person acquiring knowledge of any return or tax  
19 information in the course of his or her employment with the  
20 department of revenue and any person acquiring knowledge of any  
21 return or tax information as provided under subsection (3) (e), (f),  
22 (g), (h), (i), ~~((e))~~ (m), (v), and (w) of this section, who  
23 discloses any such return or tax information to another person not  
24 entitled to knowledge of such return or tax information under the  
25 provisions of this section, is guilty of a misdemeanor. If the person  
26 guilty of such violation is an officer or employee of the state, such  
27 person must forfeit such office or employment and is incapable of  
28 holding any public office or employment in this state for a period of  
29 two years thereafter.

30 **Sec. 19.** RCW 82.32.534 and 2017 c 135 s 1 are each amended to  
31 read as follows:

32 (1)(a)(i) Beginning in calendar year 2018, every person claiming  
33 a tax preference that requires an annual tax performance report under  
34 this section must file a complete annual report with the department.  
35 The report is due by May 31st of the year following any calendar year  
36 in which a person becomes eligible to claim the tax preference that  
37 requires a report under this section.

38 (ii) If the tax preference is a deferral of tax, the first annual  
39 tax performance report must be filed by May 31st of the calendar year

1 following the calendar year in which the investment project is  
2 certified by the department as operationally complete, and an annual  
3 tax performance report must be filed by May 31st of each of the seven  
4 succeeding calendar years.

5 (iii) The department may extend the due date for timely filing of  
6 annual reports under this section as provided in RCW 82.32.590.

7 (b) The report must include information detailing employment and  
8 wages for employment positions in Washington for the year that the  
9 tax preference was claimed. However, persons engaged in manufacturing  
10 commercial airplanes or components of such airplanes may report  
11 employment(~~(τ)~~) and wage(~~(τ and benefit)~~) information per job at the  
12 manufacturing site for the year that the tax preference was claimed.  
13 The report must not include names of employees. The report must also  
14 detail employment by the total number of full-time, part-time, and  
15 temporary positions for the year that the tax preference was claimed.  
16 In lieu of reporting employment and wage data required under this  
17 subsection, taxpayers may instead opt to allow the employment  
18 security department to release the same employment and wage  
19 information from unemployment insurance records to the department and  
20 the joint legislative audit and review committee. This option is  
21 intended to reduce the reporting burden for taxpayers, and each  
22 taxpayer electing to use this option must affirm that election in  
23 accordance with procedures approved by the employment security  
24 department.

25 (c) Persons receiving the benefit of the tax preference provided  
26 by RCW 82.16.0421 or claiming any of the tax preferences provided by  
27 RCW 82.04.2909, 82.04.4481, 82.08.805, 82.12.805, or 82.12.022(5)  
28 must indicate on the annual report the quantity of product produced  
29 in this state during the time period covered by the report.

30 (d) If a person filing a report under this section did not file a  
31 report with the department in the previous calendar year, the report  
32 filed under this section must also include employment(~~(τ)~~) and  
33 wage(~~(τ and benefit)~~) information for the calendar year immediately  
34 preceding the calendar year for which a tax preference was claimed.

35 (2) (a) As part of the annual report, the department and the joint  
36 legislative audit and review committee may request additional  
37 information necessary to measure the results of, or determine  
38 eligibility for, the tax preference.

39 (b) The report must include the amount of the tax preference  
40 claimed for the calendar year covered by the report. For a person

1 that claimed an exemption provided in RCW 82.08.025651 or  
2 82.12.025651, the report must include the amount of tax exempted  
3 under those sections in the prior calendar year for each general area  
4 or category of research and development for which exempt machinery  
5 and equipment and labor and services were acquired in the prior  
6 calendar year.

7 (3) Other than information requested under subsection (2)(a) of  
8 this section, the information contained in an annual report filed  
9 under this section is not subject to the confidentiality provisions  
10 of RCW 82.32.330 and may be disclosed to the public upon request.

11 (4)(a) Except as otherwise provided by law, if a person claims a  
12 tax preference that requires an annual report under this section but  
13 fails to submit a complete report by the due date or any extension  
14 under RCW 82.32.590, the department must declare:

15 (i) Thirty-five percent of the amount of the tax preference  
16 claimed for the previous calendar year to be immediately due and  
17 payable;

18 (ii) An additional fifteen percent of the amount of the tax  
19 preference claimed for the previous calendar year to be immediately  
20 due and payable if the person has previously been assessed under this  
21 subsection (4) for failure to submit a report under this section for  
22 the same tax preference; and

23 (iii) If the tax preference is a deferral of tax, the amount  
24 immediately due under this subsection is twelve and one-half percent  
25 of the deferred tax. If the economic benefits of the deferral are  
26 passed to a lessee, the lessee is responsible for payment to the  
27 extent the lessee has received the economic benefit.

28 (b) The department may not assess interest or penalties on  
29 amounts due under this subsection.

30 (5) The department must use the information from this section to  
31 prepare summary descriptive statistics by category. No fewer than  
32 three taxpayers may be included in any category. The department must  
33 report these statistics to the legislature each year by December  
34 31st.

35 (6) For the purposes of this section:

36 (a) "Person" has the meaning provided in RCW 82.04.030 and also  
37 includes the state and its departments and institutions.

38 (b) "Tax preference" has the meaning provided in RCW 43.136.021  
39 and includes only the tax preferences requiring a report under this  
40 section.

1       **Sec. 20.** RCW 82.32.805 and 2020 c 139 s 57 are each amended to  
2 read as follows:

3       (1) (a) Except as otherwise provided in this section, every new  
4 tax preference expires on the first day of the calendar year that is  
5 subsequent to the calendar year that is ten years from the effective  
6 date of the tax preference. With respect to any new property tax  
7 exemption, the exemption does not apply to taxes levied for  
8 collection beginning in the calendar year that is subsequent to the  
9 calendar year that is ten years from the effective date of the tax  
10 preference.

11       (b) If a new tax preference applies to both a state tax and a  
12 corresponding local tax that the department administers, such as a  
13 state and local sales and use tax exemption, the expiration of that  
14 new tax preference under this subsection applies to both the state  
15 and local tax.

16       (c) A future amendment that expands a tax preference does not  
17 extend the tax preference beyond the period provided in this  
18 subsection unless an extension is expressly and unambiguously stated  
19 in the amendment.

20       (2) Subsection (1) of this section does not apply if legislation  
21 creating a new tax preference includes an expiration date for the new  
22 tax preference or an exemption from this section in its entirety or  
23 from the provisions of subsection (1) of this section, whether or not  
24 such exemption is codified.

25       (3) Subsection (1) of this section does not apply to any existing  
26 tax preference that is amended to clarify an ambiguity or correct a  
27 technical inconsistency. Future enacted legislation intended to make  
28 such clarifications or corrections must explicitly indicate this  
29 intent.

30       (4) For the purposes of this section, the following definitions  
31 apply:

32       (a) "New tax preference" means a tax preference that initially  
33 takes effect after August 1, 2013, or a tax preference in effect as  
34 of August 1, 2013, that is expanded or extended after August 1, 2013,  
35 even if the expanding or extending amendment includes any other  
36 change to the tax preference.

37       (b) "Tax preference" has the same meaning as in RCW 43.136.021  
38 with respect to any state tax administered by the department, except  
39 does not include the Washington estate and transfer tax in chapter  
40 83.100 RCW.

1 (5) The department must provide written notice to the office of  
2 the code reviser of a ten-year expiration date required under this  
3 section for a new tax preference.

4 **Sec. 21.** RCW 84.40.130 and 2012 c 59 s 1 are each amended to  
5 read as follows:

6 (1) If any person or corporation fails or refuses to deliver to  
7 the assessor, on or before the date specified in RCW 84.40.040, a  
8 list of the taxable personal property which is required to be listed  
9 under this chapter, unless it is shown that such failure is due to  
10 reasonable cause and not due to willful neglect, there must be added  
11 to the amount of tax assessed against the taxpayer on account of such  
12 personal property five percent of the amount of such tax, not to  
13 exceed fifty dollars per calendar day, if the failure is for not more  
14 than one month, with an additional five percent for each additional  
15 month or fraction thereof during which such failure continues not  
16 exceeding twenty-five percent in the aggregate. Such penalty must be  
17 collected in the same manner as the tax to which it is added and  
18 distributed in the same manner as other property tax interest and  
19 penalties.

20 (2) If any person or corporation willfully gives a false or  
21 fraudulent list, schedule or statement required by this chapter, or,  
22 with intent to defraud, fails or refuses to deliver any list,  
23 schedule or statement required by this chapter, such person or  
24 corporation is liable for the additional tax properly due or, in the  
25 case of willful failure or refusal to deliver such list, schedule or  
26 statement, the total tax properly due; and in addition such person or  
27 corporation is liable for a penalty of one hundred percent of such  
28 additional tax or total tax as the case may be. Such penalty is in  
29 lieu of the penalty provided for in subsection (1) of this section. A  
30 person or corporation giving a false list, schedule or statement is  
31 not subject to this penalty if it is shown that the  
32 misrepresentations contained therein are entirely attributable to  
33 reasonable cause. The taxes and penalties provided for in this  
34 subsection must be recovered in an action in the name of the state of  
35 Washington on the complaint of the county assessor or the county  
36 legislative authority and must, when collected, be paid into the  
37 county treasury to the credit of the current expense fund. The  
38 provisions of this subsection are additional and supplementary to any  
39 other provisions of law relating to recovery of property taxes.

1       ~~((3) (a) The county legislative authority may authorize the~~  
2 ~~assessor to waive penalties otherwise due under this section for~~  
3 ~~assessment years 2011 and prior for a person or corporation failing~~  
4 ~~or refusing to deliver to the assessor a list of taxable personal~~  
5 ~~property, if all of the following circumstances are met:~~

6       ~~(i) On or before July 1, 2012, the taxpayer files with the~~  
7 ~~assessor:~~

8       ~~(A) A correct list and statement of the taxable personal property~~  
9 ~~required to be listed under this chapter; and~~

10       ~~(B) A completed application for penalty waiver in the form and~~  
11 ~~manner prescribed by the assessor; and~~

12       ~~(ii) On or before September 1, 2012, the taxpayer remits full~~  
13 ~~payment to the county of the entire balance due on all tax~~  
14 ~~liabilities for which a penalty waiver under this section is~~  
15 ~~requested, other than the penalty amount eligible for waiver under~~  
16 ~~this section.~~

17       ~~(b) A taxpayer receiving penalty relief under this subsection (3)~~  
18 ~~may not seek a refund or otherwise challenge the amount of any tax~~  
19 ~~liability paid under (a) (ii) of this subsection (3). Personal~~  
20 ~~property listed under (a) (i) of this subsection (3) is subject to~~  
21 ~~verification by the assessor, and any unreported or misreported~~  
22 ~~property discovered by the assessor remains subject to taxes,~~  
23 ~~penalties, and interest.))~~

24       **Sec. 22.** RCW 84.52.0531 and 2019 c 410 s 2 are each amended to  
25 read as follows:

26       (1) Beginning with taxes levied for collection in 2020, the  
27 maximum dollar amount which may be levied by or for any school  
28 district for enrichment levies under RCW 84.52.053 is equal to the  
29 lesser of two dollars and fifty cents per thousand dollars of the  
30 assessed value of property in the school district or the maximum per-  
31 pupil limit. This maximum dollar amount shall be reduced accordingly  
32 as provided under RCW 43.09.2856(2).

33       (2) The definitions in this subsection apply to this section  
34 unless the context clearly requires otherwise.

35       (a) For the purpose of this section, "inflation" means ~~((, for any~~  
36 ~~school year, the rate of the yearly increase of the previous calendar~~  
37 ~~year's annual average)) the percentage change in the seasonally~~  
38 ~~adjusted consumer price index for all urban consumers, Seattle area,~~  
39 ~~for the most recent 12-month period as of September 25th of the year~~



1 before the taxes are payable, using the official current base  
2 compiled by the United States bureau of labor statistics(~~(United~~  
3 ~~States department of labor)~~)).

4 (b) "Maximum per-pupil limit" means:

5 (i) Two thousand five hundred dollars, as increased by inflation  
6 beginning with property taxes levied for collection in 2020,  
7 multiplied by the number of average annual full-time equivalent  
8 students enrolled in the school district in the prior school year,  
9 for school districts with fewer than forty thousand annual full-time  
10 equivalent students enrolled in the school district in the prior  
11 school year; or

12 (ii) Three thousand dollars, as increased by inflation beginning  
13 with property taxes levied for collection in 2020, multiplied by the  
14 number of average annual full-time equivalent students enrolled in  
15 the school district in the prior school year, for school districts  
16 with forty thousand or more annual full-time equivalent students  
17 enrolled in the school district in the prior school year.

18 (c) "Prior school year" means the most recent school year  
19 completed prior to the year in which the levies are to be collected.

20 (3) For districts in a high/nonhigh relationship, the enrollments  
21 of the nonhigh students attending the high school shall only be  
22 counted by the nonhigh school districts for purposes of funding under  
23 this section.

24 (4) For school districts participating in an innovation academy  
25 cooperative established under RCW 28A.340.080, enrollments of  
26 students attending the academy shall be adjusted so that each  
27 participant district receives its proportional share of student  
28 enrollments for purposes of funding under this section.

29 (5) Beginning with propositions for enrichment levies for  
30 collection in calendar year 2020 and thereafter, a district must  
31 receive approval of an enrichment levy expenditure plan under RCW  
32 28A.505.240 before submission of the proposition to the voters.

33 (6) The superintendent of public instruction shall develop rules  
34 and regulations and inform school districts of the pertinent data  
35 necessary to carry out the provisions of this section.

36 (7) Beginning with taxes levied for collection in 2018,  
37 enrichment levy revenues must be deposited in a separate subfund of  
38 the school district's general fund pursuant to RCW 28A.320.330, and  
39 for the 2018-19 school year are subject to the restrictions of RCW  
40 28A.150.276 and the audit requirements of RCW 43.09.2856.

1 (8) Funds collected from levies for transportation vehicles,  
2 construction, modernization, or remodeling of school facilities as  
3 established in RCW 84.52.053 are not subject to the levy limitations  
4 in subsections (1) through (5) of this section.

5 **Sec. 23.** RCW 84.52.080 and 2010 c 106 s 314 are each amended to  
6 read as follows:

7 (1) The county assessor must extend the taxes upon the tax rolls  
8 in the form prescribed in this section. The rate percent necessary to  
9 raise the amounts of taxes levied for state and county purposes, and  
10 for purposes of taxing districts coextensive with the county, must be  
11 computed upon the assessed value of the property of the county. The  
12 rate percent necessary to raise the amount of taxes levied for any  
13 taxing district within the county must be computed upon the assessed  
14 value of the property of the district. All taxes assessed against any  
15 property must be added together and extended on the rolls in a column  
16 headed consolidated or total tax. In extending any tax, whenever the  
17 tax amounts to a fractional part of a cent greater than one-half of a  
18 cent it must be rounded up to one cent, and whenever it amounts to  
19 one-half of a cent or less it must be dropped. The amount of all  
20 taxes must be entered in the proper columns, as shown by entering the  
21 rate percent necessary to raise the consolidated or total tax and the  
22 total tax assessed against the property.

23 (2) For the purpose of computing the rate necessary to raise the  
24 amount of any excess levy in a taxing district entitled to a  
25 distribution under RCW 84.33.081, other than the state, the county  
26 assessor must add the district's timber assessed value, as defined in  
27 RCW 84.33.035, to the assessed value of the property. However, for  
28 school districts (~~maintenance and operations~~) enrichment levies,  
29 only one-half of the district's timber assessed value or eighty  
30 percent of the timber roll of the district in calendar year 1983 as  
31 determined under chapter 84.33 RCW, whichever is greater, must be  
32 added to the assessed value of the property.

33 (3) Upon the completion of such tax extension, it is the duty of  
34 the county assessor to make in each assessment book, tax roll or list  
35 a certificate in the following form:

1 I, . . . . ., assessor of . . . . . county, state of  
2 Washington, do hereby certify that the foregoing is a  
3 correct list of taxes levied on the real and personal  
4 property in the county of . . . . . for the year two  
5 thousand . . . . .

6 Witness my hand this . . . . day of . . . . ., 20 . . .

7 . . . . . , County Assessor

8 (4) The county assessor must deliver the tax rolls to the county  
9 treasurer, on or before the fifteenth day of January, taking a  
10 receipt from the treasurer. At the same time, the county assessor  
11 must provide the county auditor with an abstract of the tax rolls  
12 showing the total amount of taxes collectible in each of the taxing  
13 districts.

14 **Sec. 24.** RCW 84.36.385 and 2020 c 209 s 2 are each amended to  
15 read as follows:

16 (1) A claim for exemption under RCW 84.36.381 as now or hereafter  
17 amended, may be made and filed at any time during the year for  
18 exemption from taxes payable the following year and thereafter and  
19 solely upon forms as prescribed and furnished by the department of  
20 revenue. However, an exemption from tax under RCW 84.36.381 continues  
21 for no more than six years unless a renewal application is filed as  
22 provided in subsection (3) of this section.

23 (2) A person granted an exemption under RCW 84.36.381 must inform  
24 the county assessor of any change in status affecting the person's  
25 entitlement to the exemption on forms prescribed and furnished by the  
26 department of revenue.

27 (3) Each person exempt from taxes under RCW 84.36.381 in 1993 and  
28 thereafter must file with the county assessor a renewal application  
29 not later than December 31<sup>st</sup> of the year the assessor notifies such  
30 person of the requirement to file the renewal application. Renewal  
31 applications must be on forms prescribed and furnished by the  
32 department of revenue.

33 (4) At least once every six years, the county assessor must  
34 notify those persons receiving an exemption from taxes under RCW  
35 84.36.381 of the requirement to file a renewal application. The  
36 county assessor may also require a renewal application following an  
37 amendment of the income requirements set forth in RCW 84.36.381.

1 (5) If the assessor finds that the applicant does not meet the  
2 qualifications as set forth in RCW 84.36.381, as now or hereafter  
3 amended, the claim or exemption must be denied but such denial is  
4 subject to appeal under the provisions of RCW 84.48.010 and in  
5 accordance with the provisions of RCW 84.40.038. If the applicant had  
6 received exemption in prior years based on erroneous information, the  
7 taxes must be collected subject to penalties as provided in RCW  
8 84.40.130 for a period of not to exceed five years.

9 (6) The department and each local assessor is hereby directed to  
10 publicize the qualifications and manner of making claims under RCW  
11 84.36.381 through 84.36.389, through communications media, including  
12 such paid advertisements or notices as it deems appropriate. Notice  
13 of the qualifications, method of making applications, the penalties  
14 for not reporting a change in status, and availability of further  
15 information must be included on or with property tax statements and  
16 revaluation notices for all residential property including mobile  
17 homes, except rental properties.

18 (7) The department must authorize an option for electronic filing  
19 of applications and renewal applications for the exemption under RCW  
20 84.36.381.

21 (8) Beginning August 1, 2019, and by March 1st every fifth year  
22 thereafter, the department must publish updated income thresholds.  
23 The adjusted thresholds must be rounded up to the nearest one  
24 thousand dollars. If the income threshold adjustment is negative, the  
25 income threshold for the prior year continues to apply. The  
26 department must adjust income thresholds for each county to reflect  
27 the most recent year available of estimated county median household  
28 incomes, including preliminary estimates or projections, as published  
29 by the office of financial management. For the purposes of this  
30 subsection, "county median household income" has the same meaning as  
31 provided in RCW 84.36.383.

32 (9) Beginning with the adjustment made by March 1, 2024, as  
33 provided in subsection (8) of this section, and every second  
34 adjustment thereafter, if an income threshold in a county is not  
35 adjusted based on percentage of county median income, then the income  
36 threshold must be adjusted based on the growth of the seasonally  
37 adjusted consumer price index for all urban consumers (CPI-U) for the  
38 prior twelve month period as published by the United States bureau of  
39 labor statistics. In no case may the adjustment be greater than one  
40 percent. The adjusted thresholds must be rounded to the nearest one

1 dollar. If the income threshold adjustment is negative, the income  
2 threshold for the prior year continues to apply.

3 NEW SECTION. **Sec. 25.** RCW 82.25.045 (Shipped or transported  
4 outside state—Tax credit) and 2019 c 445 s 109 are each repealed.

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