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**SENATE BILL 5251**

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**State of Washington**

**67th Legislature**

**2021 Regular Session**

**By** Senators Schoesler, Brown, Dozier, Gildon, Honeyford, King, and Rolfes

Read first time 01/18/21. Referred to Committee on Ways & Means.

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, 82.12.010, 82.12.956, 82.12.9651,  
8 82.14.532, 82.29A.090, 82.32.330, 82.32.534, 82.32.805, 84.40.130,  
9 84.52.0531, 84.52.080, and 84.36.385; reenacting and amending RCW  
10 79.64.110; adding a new section to chapter 82.32 RCW; and repealing  
11 RCW 82.25.045.

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

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

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

20 (2) For tax reporting periods beginning on or after January 1,  
21 2018, taxpayers must report the taxes due under RCW 54.28.020 and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

37 (i) The expense incurred by the state for administration,  
38 reforestation, and protection, not to exceed twenty-five percent,  
39 which rate of percentage shall be determined by the board, must be

1 returned to the forest development account created in RCW 79.64.100.  
2 During the 2017-2019 and 2019-2021 fiscal biennia, the board may  
3 increase the twenty-five percent limitation up to twenty-seven  
4 percent.

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

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

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

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

34 (i) Fifty percent shall be placed in the forest development  
35 account.

36 (ii) Fifty percent shall be prorated and distributed to the state  
37 general fund, to be dedicated for the benefit of the public schools,  
38 to the county in which the land is located or, for counties  
39 participating in a land pool created under RCW 79.22.140, to each  
40 participating county proportionate to its contribution of asset value

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

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

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

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

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

1 that applies to the predominant activity under the contract or  
2 agreement.

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

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

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

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

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

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

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

9 (b) The provisions of (a) of this subsection do not apply to a  
10 person who met any of the criteria in RCW 82.04.067(1) (a) through  
11 (c) during the immediately preceding calendar year ~~((under RCW~~  
12 ~~82.04.067))~~, and such person is taxable under this chapter for the  
13 current calendar year in its entirety.

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

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

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

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

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

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

36 ~~(b) The person is subject to a review under section 501(4) (a),~~  
37 ~~chapter 37, Laws of 2017 3rd sp. sess. and such person does not meet~~  
38 ~~performance criteria in section 501(4) (a), chapter 37, Laws of 2017~~  
39 ~~3rd sp. sess)).~~

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

11 (5) (a) Upon every person engaging within this state in the  
12 business of acting as a travel agent or tour operator and whose  
13 annual taxable amount for the prior calendar year from such business  
14 was two hundred fifty thousand dollars or less; as to such persons  
15 the amount of the tax with respect to such activities is equal to the  
16 gross income derived from such activities multiplied by the rate of  
17 0.275 percent.

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

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

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

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

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

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

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

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

1 such activities is equal to the gross income of the business  
2 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5  
3 percent thereafter.

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

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

15 (ii) 0.2904 percent beginning July 1, 2007, through March 31,  
16 2020; and

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

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

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

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

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

39 (B) 0.484 percent on all other business activities described in  
40 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 82.12.010 and 2017 c 323 s 519 are each amended to  
13 read as follows:

14 For the purposes of this chapter:

15 (1) The meaning ascribed to words and phrases in chapters 82.04  
16 and 82.08 RCW, insofar as applicable, has full force and effect with  
17 respect to taxes imposed under the provisions of this chapter.  
18 "Consumer," in addition to the meaning ascribed to it in chapters  
19 82.04 and 82.08 RCW insofar as applicable, also means any person who  
20 distributes or displays, or causes to be distributed or displayed,  
21 any article of tangible personal property, except newspapers, the  
22 primary purpose of which is to promote the sale of products or  
23 services. With respect to property distributed to persons within this  
24 state by a consumer as defined in this subsection (1), the use of the  
25 property is deemed to be by such consumer.

26 (2) "Extended warranty" has the same meaning as in RCW  
27 82.04.050(7).

28 (3) "Purchase price" means the same as sales price as defined in  
29 RCW 82.08.010.

30 (4)(a)(i) Except as provided in (a)(ii) of this subsection (4),  
31 "retailer" means every seller as defined in RCW 82.08.010 and every  
32 person engaged in the business of selling tangible personal property  
33 at retail and every person required to collect from purchasers the  
34 tax imposed under this chapter.

35 (ii) "Retailer" does not include a professional employer  
36 organization when a covered employee coemployed with the client under  
37 the terms of a professional employer agreement engages in activities  
38 that constitute a sale of tangible personal property, extended  
39 warranty, digital good, digital code, or a sale of any digital

1 automated service or service defined as a retail sale in RCW  
2 82.04.050 (2) (a) or (g) or (6) (c) that is subject to the tax imposed  
3 by this chapter. In such cases, the client, and not the professional  
4 employer organization, is deemed to be the retailer and is  
5 responsible for collecting and remitting the tax imposed by this  
6 chapter.

7 (b) For the purposes of (a) of this subsection, the terms  
8 "client," "covered employee," "professional employer agreement," and  
9 "professional employer organization" have the same meanings as in RCW  
10 82.04.540.

11 (5) "Taxpayer" and "purchaser" include all persons included  
12 within the meaning of the word "buyer" and the word "consumer" as  
13 defined in chapters 82.04 and 82.08 RCW.

14 (6) "Use," "used," "using," or "put to use" have their ordinary  
15 meaning, and mean:

16 (a) With respect to tangible personal property, except (~~for~~  
17 ~~natural gas and manufactured gas~~) as otherwise provided in this  
18 subsection (6), the first act within this state by which the taxpayer  
19 takes or assumes dominion or control over the article of tangible  
20 personal property (as a consumer), and include installation, storage,  
21 withdrawal from storage, distribution, or any other act preparatory  
22 to subsequent actual use or consumption within this state;

23 (b) With respect to a service defined in RCW 82.04.050(2)(a), the  
24 first act within this state after the service has been performed by  
25 which the taxpayer takes or assumes dominion or control over the  
26 article of tangible personal property upon which the service was  
27 performed (as a consumer), and includes installation, storage,  
28 withdrawal from storage, distribution, or any other act preparatory  
29 to subsequent actual use or consumption of the article within this  
30 state;

31 (c) With respect to an extended warranty, the first act within  
32 this state after the extended warranty has been acquired by which the  
33 taxpayer takes or assumes dominion or control over the article of  
34 tangible personal property to which the extended warranty applies,  
35 and includes installation, storage, withdrawal from storage,  
36 distribution, or any other act preparatory to subsequent actual use  
37 or consumption of the article within this state;

38 (d) With respect to a digital good or digital code, the first act  
39 within this state by which the taxpayer, as a consumer, views,

1 accesses, downloads, possesses, stores, opens, manipulates, or  
2 otherwise uses or enjoys the digital good or digital code;

3 (e) With respect to a digital automated service, the first act  
4 within this state by which the taxpayer, as a consumer, uses, enjoys,  
5 or otherwise receives the benefit of the service;

6 (f) With respect to a service defined as a retail sale in RCW  
7 82.04.050(6)(c), the first act within this state by which the  
8 taxpayer, as a consumer, accesses the prewritten computer software;

9 (g) With respect to a service defined as a retail sale in RCW  
10 82.04.050(2)(g), the first act within this state after the service  
11 has been performed by which the taxpayer, as a consumer, views,  
12 accesses, downloads, possesses, stores, opens, manipulates, or  
13 otherwise uses or enjoys the digital good upon which the service was  
14 performed; (~~and~~)

15 (h) With respect to natural gas or manufactured gas, the use of  
16 which is taxable under RCW 82.12.022, including gas that is also  
17 taxable under the authority of RCW 82.14.230, the first act within  
18 this state by which the taxpayer consumes the gas by burning the gas  
19 or storing the gas in the taxpayer's own facilities for later  
20 consumption by the taxpayer; and

21 (i) With respect to tangible personal property identified under  
22 RCW 82.32.730 (4) and (7) (a), (b), and (c), the first act within  
23 this state after the property arrives at its usual location by which  
24 the taxpayer exercises dominion or control over the property as a  
25 consumer, including any of the activities described in (a) of this  
26 subsection. For purposes of this subsection (6)(i), "usual location"  
27 means the place where the property, when in this state, is primarily  
28 hangered, moored, anchored, garaged, or otherwise kept.

29 (7)(a) "Value of the article used" is the purchase price for the  
30 article of tangible personal property, the use of which is taxable  
31 under this chapter. The term also includes, in addition to the  
32 purchase price, the amount of any tariff or duty paid with respect to  
33 the importation of the article used. In case the article used is  
34 acquired by lease or by gift or is extracted, produced, or  
35 manufactured by the person using the same or is sold under conditions  
36 wherein the purchase price does not represent the true value thereof,  
37 the value of the article used is determined as nearly as possible  
38 according to the retail selling price at place of use of similar  
39 products of like quality and character under such rules as the  
40 department may prescribe.

1 (b) In case the articles used are acquired by bailment, the value  
2 of the use of the articles so used must be in an amount representing  
3 a reasonable rental for the use of the articles so bailed, determined  
4 as nearly as possible according to the value of such use at the  
5 places of use of similar products of like quality and character under  
6 such rules as the department of revenue may prescribe. In case any  
7 such articles of tangible personal property are used in respect to  
8 the construction, repairing, decorating, or improving of, and which  
9 become or are to become an ingredient or component of, new or  
10 existing buildings or other structures under, upon, or above real  
11 property of or for the United States, any instrumentality thereof, or  
12 a county or city housing authority created pursuant to chapter 35.82  
13 RCW, including the installing or attaching of any such articles  
14 therein or thereto, whether or not such personal property becomes a  
15 part of the realty by virtue of installation, then the value of the  
16 use of such articles so used is determined according to the retail  
17 selling price of such articles, or in the absence of such a selling  
18 price, as nearly as possible according to the retail selling price at  
19 place of use of similar products of like quality and character or, in  
20 the absence of either of these selling price measures, such value may  
21 be determined upon a cost basis, in any event under such rules as the  
22 department of revenue may prescribe.

23 (c) In the case of articles owned by a user engaged in business  
24 outside the state which are brought into the state for no more than  
25 one hundred eighty days in any period of three hundred sixty-five  
26 consecutive days and which are temporarily used for business purposes  
27 by the person in this state, the value of the article used must be an  
28 amount representing a reasonable rental for the use of the articles,  
29 unless the person has paid tax under this chapter or chapter 82.08  
30 RCW upon the full value of the article used, as defined in (a) of  
31 this subsection.

32 (d) In the case of articles manufactured or produced by the user  
33 and used in the manufacture or production of products sold or to be  
34 sold to the department of defense of the United States, the value of  
35 the articles used is determined according to the value of the  
36 ingredients of such articles.

37 (e) In the case of an article manufactured or produced for  
38 purposes of serving as a prototype for the development of a new or  
39 improved product, the value of the article used is determined by: (i)  
40 The retail selling price of such new or improved product when first

1 offered for sale; or (ii) the value of materials incorporated into  
2 the prototype in cases in which the new or improved product is not  
3 offered for sale.

4 (f) In the case of an article purchased with a direct pay permit  
5 under RCW 82.32.087, the value of the article used is determined by  
6 the purchase price of such article if, but for the use of the direct  
7 pay permit, the transaction would have been subject to sales tax.

8 (8) "Value of the digital good or digital code used" means the  
9 purchase price for the digital good or digital code, the use of which  
10 is taxable under this chapter. If the digital good or digital code is  
11 acquired other than by purchase, the value of the digital good or  
12 digital code must be determined as nearly as possible according to  
13 the retail selling price at place of use of similar digital goods or  
14 digital codes of like quality and character under rules the  
15 department may prescribe.

16 (9) "Value of the extended warranty used" means the purchase  
17 price for the extended warranty, the use of which is taxable under  
18 this chapter. If the extended warranty is received by gift or under  
19 conditions wherein the purchase price does not represent the true  
20 value of the extended warranty, the value of the extended warranty  
21 used is determined as nearly as possible according to the retail  
22 selling price at place of use of similar extended warranties of like  
23 quality and character under rules the department may prescribe.

24 (10) "Value of the service used" means the purchase price for the  
25 digital automated service or other service, the use of which is  
26 taxable under this chapter. If the service is received by gift or  
27 under conditions wherein the purchase price does not represent the  
28 true value thereof, the value of the service used is determined as  
29 nearly as possible according to the retail selling price at place of  
30 use of similar services of like quality and character under rules the  
31 department may prescribe.

32 **Sec. 15.** RCW 82.12.956 and 2013 2nd sp.s. c 13 s 1003 are each  
33 amended to read as follows:

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

37 (2) For the purposes of this section:

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

1 (b) "Biofuel" has the same meaning as provided in RCW  
2 ((43.325.010)) 82.08.956.

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

4 **Sec. 16.** RCW 82.12.9651 and 2020 c 139 s 22 are each amended to  
5 read as follows:

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

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

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

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

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

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

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

36 **Sec. 17.** RCW 82.14.532 and 2019 c 273 s 11 are each amended to  
37 read as follows:

1 (1) Subject to the requirements of chapter 35.107 RCW and RCW  
2 81.104.170, a project is eligible for a sales and use tax remittance  
3 under the authority of this chapter on:

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

7 (b) The sales or use of tangible personal property that will be  
8 incorporated as an ingredient or component of a qualifying project  
9 located in a city during the course of the constructing or  
10 rehabilitating.

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

15 (b) The amount of the remittance is one hundred percent of the  
16 local sales and use taxes paid (~~(under an ordinance enacted under the~~  
17 ~~authority of this chapter for purchases or uses qualifying under~~  
18 ~~subsection (1) of this section, if the~~) on purchases and uses  
19 qualifying under subsection (1) of this section, with respect to  
20 taxes imposed by the city and any other taxing authorities (~~(imposing~~  
21 ~~taxes under the authority of this chapter)~~) that have authorized the  
22 use of the remittance (~~(to the city legislative authority)~~) as  
23 provided under RCW (~~(35.107.050)~~) 35.107.040. A city authorizing a  
24 remittance under this subsection must notify the department of an  
25 approved qualifying project within 60 days of the city's approval of  
26 the project. Such notice must include the information required under  
27 RCW 35.107.040(2) (a) through (c).

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

35 (4) A qualifying project owner requesting a remittance under this  
36 section must obtain certification from the governing authority of a  
37 city verifying that the qualifying project has satisfied the criteria  
38 in RCW 35.107.050.

39 (5) A qualifying project owner must specify the amount of  
40 exempted tax claimed and the qualifying purchases or uses for which



1 the exemption is claimed. The qualifying project owner must retain,  
2 in adequate detail, records to enable the department to determine  
3 whether the qualifying project owner is entitled to an exemption  
4 under this section, including invoices, proof of tax paid, and  
5 construction contracts.

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

9 (7) (a) A person otherwise eligible for a remittance under this  
10 section that transfers the ownership of the qualifying project before  
11 the requirements in subsection (3) of this section are met may assign  
12 the right to the remittance under this section to the subsequent  
13 owner of the qualifying project.

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

17 (i) The agreement that transfers the right to the remittance to  
18 the assignee;

19 (ii) Proof of payment of sales and use tax on the qualifying  
20 project; and

21 (iii) Any other documentation the department requires.

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

23 **Sec. 18.** RCW 82.29A.090 and 2002 c 177 s 1 are each amended to  
24 read as follows:

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

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

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

36 (~~4~~) (3) The state treasurer shall make the distribution under  
37 this section without appropriation.

1        NEW SECTION.    **Sec. 19.**    A new section is added to chapter 82.32  
2    RCW to read as follows:

3        (1) The repeal, expiration, or amendment of a law imposing a tax,  
4    or any penalty or interest on a tax, does not extinguish or otherwise  
5    affect a taxpayer's liability for payment of such tax, penalty, or  
6    interest, where such liability accrued before the effective date of  
7    such repeal, expiration, or amendment, unless a contrary intention is  
8    clearly expressed in law.

9        (2) The repeal, expiration, or amendment of a law providing a tax  
10   preference or relief from a tax, penalty, or interest obligation,  
11   does not extinguish or otherwise affect a taxpayer's entitlement to  
12   claim such tax preference or relief from tax, penalty, or interest,  
13   for taxes, penalties, and interest accruing before the effective date  
14   of such repeal, expiration, or amendment, unless a contrary intention  
15   is clearly expressed in law.

16        (3) The department may not assess use tax against a taxpayer  
17   receiving the benefit of a use tax exemption solely by reason of the  
18   expiration or repeal of that use tax exemption, unless a contrary  
19   intention is clearly expressed in law.

20        (4) For purposes of this section, the following definitions  
21   apply:

22        (a) "Liability" means that the obligation for payment of a tax,  
23   penalty, or interest has been incurred by a taxpayer, regardless of  
24   when the tax, penalty, or interest is payable or whether the amount  
25   due has been established.

26        (b) "Tax" has the same meaning as in RCW 82.32.020.

27        (c) "Tax preference" means an exemption, exclusion, or deduction  
28   from the base of a tax; a credit against a tax; a deferral of a tax;  
29   or a preferential tax rate.

30        (d) "Use tax" means the state use tax imposed under chapter 82.12  
31   RCW, including the tax imposed under RCW 82.12.022, and any  
32   associated local use tax imposed under the authority of RCW  
33   81.104.170, chapter 82.14 RCW, or other provision of state law.

34        **Sec. 20.**    RCW 82.32.330 and 2011 c 174 s 404 are each amended to  
35   read as follows:

36        (1) For purposes of this section:

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

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

7 (c) "Tax information" means (i) a taxpayer's identity, (ii) the  
8 nature, source, or amount of the taxpayer's income, payments,  
9 receipts, deductions, exemptions, credits, assets, liabilities, net  
10 worth, tax liability deficiencies, overassessments, or tax payments,  
11 whether taken from the taxpayer's books and records or any other  
12 source, (iii) whether the taxpayer's return was, is being, or will be  
13 examined or subject to other investigation or processing, (iv) a part  
14 of a written determination that is not designated as a precedent and  
15 disclosed pursuant to RCW 82.32.410, or a background file document  
16 relating to a written determination, and (v) other data received by,  
17 recorded by, prepared by, furnished to, or collected by the  
18 department of revenue with respect to the determination of the  
19 existence, or possible existence, of liability, or the amount  
20 thereof, of a person under the laws of this state for a tax, penalty,  
21 interest, fine, forfeiture, or other imposition, or offense. However,  
22 data, material, or documents that do not disclose information related  
23 to a specific or identifiable taxpayer do not constitute tax  
24 information under this section. Except as provided by RCW 82.32.410,  
25 nothing in this chapter requires any person possessing data,  
26 material, or documents made confidential and privileged by this  
27 section to delete information from such data, material, or documents  
28 so as to permit its disclosure;

29 (d) "State agency" means every Washington state office,  
30 department, division, bureau, board, commission, or other state  
31 agency;

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

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

37 (2) Returns and tax information are confidential and privileged,  
38 and except as authorized by this section, neither the department of  
39 revenue nor any other person may disclose any return or tax  
40 information.

1 (3) This section does not prohibit the department of revenue  
2 from:

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

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

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

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

12 (b) Disclosing, subject to such requirements and conditions as  
13 the director prescribes by rules adopted pursuant to chapter 34.05  
14 RCW, such return or tax information regarding a taxpayer to such  
15 taxpayer or to such person or persons as that taxpayer may designate  
16 in a request for, or consent to, such disclosure, or to any other  
17 person, at the taxpayer's request, to the extent necessary to comply  
18 with a request for information or assistance made by the taxpayer to  
19 such other person. However, tax information not received from the  
20 taxpayer must not be so disclosed if the director determines that  
21 such disclosure would compromise any investigation or litigation by  
22 any federal, state, or local government agency in connection with the  
23 civil or criminal liability of the taxpayer or another person, or  
24 that such disclosure would identify a confidential informant, or that  
25 such disclosure is contrary to any agreement entered into by the  
26 department that provides for the reciprocal exchange of information  
27 with other government agencies which agreement requires  
28 confidentiality with respect to such information unless such  
29 information is required to be disclosed to the taxpayer by the order  
30 of any court;

31 (c) Disclosing the name of a taxpayer against whom a warrant  
32 under RCW 82.32.210 has been either issued or filed and remains  
33 outstanding for a period of at least ten working days. The department  
34 is not required to disclose any information under this subsection if  
35 a taxpayer has entered a deferred payment arrangement with the  
36 department for the payment of a warrant that has not been filed and  
37 is making payments upon such deficiency that will fully satisfy the  
38 indebtedness within twelve months;

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

1 (e) Disclosing such return or tax information, for official  
2 purposes only, to the governor or attorney general, or to any state  
3 agency, or to any committee or subcommittee of the legislature  
4 dealing with matters of taxation, revenue, trade, commerce, the  
5 control of industry or the professions;

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

9 (g) Disclosing any such return or tax information to a peace  
10 officer as defined in RCW 9A.04.110 or county prosecuting attorney,  
11 for official purposes. The disclosure may be made only in response to  
12 a search warrant, subpoena, or other court order, unless the  
13 disclosure is for the purpose of criminal tax enforcement. A peace  
14 officer or county prosecuting attorney who receives the return or tax  
15 information may disclose that return or tax information only for use  
16 in the investigation and a related court proceeding, or in the court  
17 proceeding for which the return or tax information originally was  
18 sought;

19 (h) Disclosing any such return or tax information to the proper  
20 officer of the internal revenue service of the United States, the  
21 Canadian government or provincial governments of Canada, or to the  
22 proper officer of the tax department of any state or city or town or  
23 county, for official purposes, but only if the statutes of the United  
24 States, Canada or its provincial governments, or of such other state  
25 or city or town or county, as the case may be, grants substantially  
26 similar privileges to the proper officers of this state;

27 (i) Disclosing any such return or tax information to the United  
28 States department of justice, including the bureau of alcohol,  
29 tobacco, firearms and explosives, the department of defense, the  
30 immigration and customs enforcement and the customs and border  
31 protection agencies of the United States department of homeland  
32 security, the United States coast guard, the alcohol and tobacco tax  
33 and trade bureau of the United States department of treasury, and the  
34 United States department of transportation, or any authorized  
35 representative of these federal agencies, for official purposes;

36 (j) Publishing or otherwise disclosing the text of a written  
37 determination designated by the director as a precedent pursuant to  
38 RCW 82.32.410;

39 (k) Disclosing, in a manner that is not associated with other tax  
40 information, the taxpayer name, entity type, business address,

1 mailing address, revenue tax registration numbers, reseller permit  
2 numbers and the expiration date and status of such permits, North  
3 American industry classification system or standard industrial  
4 classification code of a taxpayer, and the dates of opening and  
5 closing of business. This subsection may not be construed as giving  
6 authority to the department to give, sell, or provide access to any  
7 list of taxpayers for any commercial purpose;

8 (l) Disclosing such return or tax information that is also  
9 maintained by another Washington state or local governmental agency  
10 as a public record available for inspection and copying under the  
11 provisions of chapter 42.56 RCW or is ((a—document)) maintained by a  
12 court of record and is not otherwise prohibited from disclosure;

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

16 (n) Disclosing to a financial institution, escrow company, or  
17 title company, in connection with specific real property that is the  
18 subject of a real estate transaction, current amounts due the  
19 department for a filed tax warrant, judgment, or lien against the  
20 real property;

21 (o) Disclosing to a person against whom the department has  
22 asserted liability as a successor under RCW 82.32.140 return or tax  
23 information pertaining to the specific business of the taxpayer to  
24 which the person has succeeded;

25 (p) Disclosing real estate excise tax affidavit forms filed under  
26 RCW 82.45.150 in the possession of the department, including real  
27 estate excise tax affidavit forms for transactions exempt or  
28 otherwise not subject to tax;

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

32 (r) Disclosing such return or tax information to the court in  
33 respect to the department's application for a subpoena under RCW  
34 82.32.117;

35 (s) Disclosing to a person against whom the department has  
36 asserted liability under RCW 83.100.120 return or tax information  
37 pertaining to that person's liability for tax under chapter 83.100  
38 RCW;

39 (t) Disclosing such return or tax information to the streamlined  
40 sales tax governing board, member states of the streamlined sales tax

1 governing board, or authorized representatives of such board or  
2 states, for the limited purposes of:

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

5 (ii) Auditing certified service providers or certified automated  
6 systems providers; (~~(e)~~)

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

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

14 (w) Disclosing any such return or tax information pursuant to a  
15 federal grand jury subpoena or subpoena issued by a United States  
16 attorney, only to be used in the criminal investigation and related  
17 court proceedings, or in the court proceeding for which the return or  
18 tax information originally was sought.

19 (4) (a) The department may disclose return or taxpayer information  
20 to a person under investigation or during any court or administrative  
21 proceeding against a person under investigation as provided in this  
22 subsection (4). The disclosure must be in connection with the  
23 department's official duties relating to an audit, collection  
24 activity, or a civil or criminal investigation. The disclosure may  
25 occur only when the person under investigation and the person in  
26 possession of data, materials, or documents are parties to the return  
27 or tax information to be disclosed. The department may disclose  
28 return or tax information such as invoices, contracts, bills,  
29 statements, resale or exemption certificates, or checks. However, the  
30 department may not disclose general ledgers, sales or cash receipt  
31 journals, check registers, accounts receivable/payable ledgers,  
32 general journals, financial statements, expert's workpapers, income  
33 tax returns, state tax returns, tax return workpapers, or other  
34 similar data, materials, or documents.

35 (b) Before disclosure of any tax return or tax information under  
36 this subsection (4), the department must, through written  
37 correspondence, inform the person in possession of the data,  
38 materials, or documents to be disclosed. The correspondence must  
39 clearly identify the data, materials, or documents to be disclosed.  
40 The department may not disclose any tax return or tax information

1 under this subsection (4) until the time period allowed in (c) of  
2 this subsection has expired or until the court has ruled on any  
3 challenge brought under (c) of this subsection.

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

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

13 (ii) The production of the data, materials, or documents sought  
14 would be unduly burdensome or expensive, taking into account the  
15 needs of the department, the amount in controversy, limitations on  
16 the petitioner's resources, and the importance of the issues at  
17 stake; or

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

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

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

27 (5) Service of a subpoena issued under RCW 82.32.117 does not  
28 constitute a disclosure of return or tax information under this  
29 section. Notwithstanding anything else to the contrary in this  
30 section, a person served with a subpoena under RCW 82.32.117 may  
31 disclose the existence or content of the subpoena to that person's  
32 legal counsel.

33 (6) Any person acquiring knowledge of any return or tax  
34 information in the course of his or her employment with the  
35 department of revenue and any person acquiring knowledge of any  
36 return or tax information as provided under subsection (3) (e), (f),  
37 (g), (h), (i), ~~((e))~~ (m), (v), and (w) of this section, who  
38 discloses any such return or tax information to another person not  
39 entitled to knowledge of such return or tax information under the  
40 provisions of this section, is guilty of a misdemeanor. If the person



1 guilty of such violation is an officer or employee of the state, such  
2 person must forfeit such office or employment and is incapable of  
3 holding any public office or employment in this state for a period of  
4 two years thereafter.

5 **Sec. 21.** RCW 82.32.534 and 2017 c 135 s 1 are each amended to  
6 read as follows:

7 (1)(a)(i) Beginning in calendar year 2018, every person claiming  
8 a tax preference that requires an annual tax performance report under  
9 this section must file a complete annual report with the department.  
10 The report is due by May 31st of the year following any calendar year  
11 in which a person becomes eligible to claim the tax preference that  
12 requires a report under this section.

13 (ii) If the tax preference is a deferral of tax, the first annual  
14 tax performance report must be filed by May 31st of the calendar year  
15 following the calendar year in which the investment project is  
16 certified by the department as operationally complete, and an annual  
17 tax performance report must be filed by May 31st of each of the seven  
18 succeeding calendar years.

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

21 (b) The report must include information detailing employment and  
22 wages for employment positions in Washington for the year that the  
23 tax preference was claimed. However, persons engaged in manufacturing  
24 commercial airplanes or components of such airplanes may report  
25 employment(~~(r)~~) and wage(~~(r and benefit)~~) information per job at the  
26 manufacturing site for the year that the tax preference was claimed.  
27 The report must not include names of employees. The report must also  
28 detail employment by the total number of full-time, part-time, and  
29 temporary positions for the year that the tax preference was claimed.  
30 In lieu of reporting employment and wage data required under this  
31 subsection, taxpayers may instead opt to allow the employment  
32 security department to release the same employment and wage  
33 information from unemployment insurance records to the department and  
34 the joint legislative audit and review committee. This option is  
35 intended to reduce the reporting burden for taxpayers, and each  
36 taxpayer electing to use this option must affirm that election in  
37 accordance with procedures approved by the employment security  
38 department.

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

6 (d) If a person filing a report under this section did not file a  
7 report with the department in the previous calendar year, the report  
8 filed under this section must also include employment(~~(r)~~) and  
9 wage(~~(r and benefit)~~) information for the calendar year immediately  
10 preceding the calendar year for which a tax preference was claimed.

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

15 (b) The report must include the amount of the tax preference  
16 claimed for the calendar year covered by the report. For a person  
17 that claimed an exemption provided in RCW 82.08.025651 or  
18 82.12.025651, the report must include the amount of tax exempted  
19 under those sections in the prior calendar year for each general area  
20 or category of research and development for which exempt machinery  
21 and equipment and labor and services were acquired in the prior  
22 calendar year.

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

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

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

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

39 (iii) If the tax preference is a deferral of tax, the amount  
40 immediately due under this subsection is twelve and one-half percent

1 of the deferred tax. If the economic benefits of the deferral are  
2 passed to a lessee, the lessee is responsible for payment to the  
3 extent the lessee has received the economic benefit.

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

6 (5) The department must use the information from this section to  
7 prepare summary descriptive statistics by category. No fewer than  
8 three taxpayers may be included in any category. The department must  
9 report these statistics to the legislature each year by December  
10 31st.

11 (6) For the purposes of this section:

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

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

17 **Sec. 22.** RCW 82.32.805 and 2020 c 139 s 57 are each amended to  
18 read as follows:

19 (1)(a) Except as otherwise provided in this section, every new  
20 tax preference expires on the first day of the calendar year that is  
21 subsequent to the calendar year that is ten years from the effective  
22 date of the tax preference. With respect to any new property tax  
23 exemption, the exemption does not apply to taxes levied for  
24 collection beginning in the calendar year that is subsequent to the  
25 calendar year that is ten years from the effective date of the tax  
26 preference.

27 (b) If a new tax preference applies to both a state tax and a  
28 corresponding local tax that the department administers, such as a  
29 state and local sales and use tax exemption, the expiration of that  
30 new tax preference under this subsection applies to both the state  
31 and local tax.

32 (c) A future amendment that expands a tax preference does not  
33 extend the tax preference beyond the period provided in this  
34 subsection unless an extension is expressly and unambiguously stated  
35 in the amendment.

36 (2) Subsection (1) of this section does not apply if legislation  
37 creating a new tax preference includes an expiration date for the new  
38 tax preference or an exemption from this section in its entirety or

1 from the provisions of subsection (1) of this section, whether or not  
2 such exemption is codified.

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

8 (4) For the purposes of this section, the following definitions  
9 apply:

10 (a) "New tax preference" means a tax preference that initially  
11 takes effect after August 1, 2013, or a tax preference in effect as  
12 of August 1, 2013, that is expanded or extended after August 1, 2013,  
13 even if the expanding or extending amendment includes any other  
14 change to the tax preference.

15 (b) "Tax preference" has the same meaning as in RCW 43.136.021  
16 with respect to any state tax administered by the department, except  
17 does not include the Washington estate and transfer tax in chapter  
18 83.100 RCW.

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

22 **Sec. 23.** RCW 84.40.130 and 2012 c 59 s 1 are each amended to  
23 read as follows:

24 (1) If any person or corporation fails or refuses to deliver to  
25 the assessor, on or before the date specified in RCW 84.40.040, a  
26 list of the taxable personal property which is required to be listed  
27 under this chapter, unless it is shown that such failure is due to  
28 reasonable cause and not due to willful neglect, there must be added  
29 to the amount of tax assessed against the taxpayer on account of such  
30 personal property five percent of the amount of such tax, not to  
31 exceed fifty dollars per calendar day, if the failure is for not more  
32 than one month, with an additional five percent for each additional  
33 month or fraction thereof during which such failure continues not  
34 exceeding twenty-five percent in the aggregate. Such penalty must be  
35 collected in the same manner as the tax to which it is added and  
36 distributed in the same manner as other property tax interest and  
37 penalties.

38 (2) If any person or corporation willfully gives a false or  
39 fraudulent list, schedule or statement required by this chapter, or,

1 with intent to defraud, fails or refuses to deliver any list,  
2 schedule or statement required by this chapter, such person or  
3 corporation is liable for the additional tax properly due or, in the  
4 case of willful failure or refusal to deliver such list, schedule or  
5 statement, the total tax properly due; and in addition such person or  
6 corporation is liable for a penalty of one hundred percent of such  
7 additional tax or total tax as the case may be. Such penalty is in  
8 lieu of the penalty provided for in subsection (1) of this section. A  
9 person or corporation giving a false list, schedule or statement is  
10 not subject to this penalty if it is shown that the  
11 misrepresentations contained therein are entirely attributable to  
12 reasonable cause. The taxes and penalties provided for in this  
13 subsection must be recovered in an action in the name of the state of  
14 Washington on the complaint of the county assessor or the county  
15 legislative authority and must, when collected, be paid into the  
16 county treasury to the credit of the current expense fund. The  
17 provisions of this subsection are additional and supplementary to any  
18 other provisions of law relating to recovery of property taxes.

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

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

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

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

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

35 ~~(b) A taxpayer receiving penalty relief under this subsection (3)~~  
36 ~~may not seek a refund or otherwise challenge the amount of any tax~~  
37 ~~liability paid under (a) (ii) of this subsection (3). Personal~~  
38 ~~property listed under (a) (i) of this subsection (3) is subject to~~  
39 ~~verification by the assessor, and any unreported or misreported~~

1 ~~property discovered by the assessor remains subject to taxes,~~  
2 ~~penalties, and interest.))~~

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

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

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

14 (a) For the purpose of this section, "inflation" means(~~(, for any~~  
15 ~~school year, the rate of the yearly increase of the previous calendar~~  
16 ~~year's annual average)) the percentage change in the seasonally  
17 adjusted consumer price index for all urban consumers, Seattle area,  
18 for the most recent 12-month period as of September 25th of the year  
19 before the taxes are payable, using the official current base  
20 compiled by the United States bureau of labor statistics(~~(, United~~  
21 ~~States department of labor))~~).~~

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

23 (i) Two thousand five hundred dollars, as increased by inflation  
24 beginning with property taxes levied for collection in 2020,  
25 multiplied by the number of average annual full-time equivalent  
26 students enrolled in the school district in the prior school year,  
27 for school districts with fewer than forty thousand annual full-time  
28 equivalent students enrolled in the school district in the prior  
29 school year; or

30 (ii) Three thousand dollars, as increased by inflation beginning  
31 with property taxes levied for collection in 2020, multiplied by the  
32 number of average annual full-time equivalent students enrolled in  
33 the school district in the prior school year, for school districts  
34 with forty thousand or more annual full-time equivalent students  
35 enrolled in the school district in the prior school year.

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

38 (3) For districts in a high/nonhigh relationship, the enrollments  
39 of the nonhigh students attending the high school shall only be

1 counted by the nonhigh school districts for purposes of funding under  
2 this section.

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

8 (5) Beginning with propositions for enrichment levies for  
9 collection in calendar year 2020 and thereafter, a district must  
10 receive approval of an enrichment levy expenditure plan under RCW  
11 28A.505.240 before submission of the proposition to the voters.

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

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

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

24 **Sec. 25.** RCW 84.52.080 and 2010 c 106 s 314 are each amended to  
25 read as follows:

26 (1) The county assessor must extend the taxes upon the tax rolls  
27 in the form prescribed in this section. The rate percent necessary to  
28 raise the amounts of taxes levied for state and county purposes, and  
29 for purposes of taxing districts coextensive with the county, must be  
30 computed upon the assessed value of the property of the county. The  
31 rate percent necessary to raise the amount of taxes levied for any  
32 taxing district within the county must be computed upon the assessed  
33 value of the property of the district. All taxes assessed against any  
34 property must be added together and extended on the rolls in a column  
35 headed consolidated or total tax. In extending any tax, whenever the  
36 tax amounts to a fractional part of a cent greater than one-half of a  
37 cent it must be rounded up to one cent, and whenever it amounts to  
38 one-half of a cent or less it must be dropped. The amount of all  
39 taxes must be entered in the proper columns, as shown by entering the

1 rate percent necessary to raise the consolidated or total tax and the  
2 total tax assessed against the property.

3 (2) For the purpose of computing the rate necessary to raise the  
4 amount of any excess levy in a taxing district entitled to a  
5 distribution under RCW 84.33.081, other than the state, the county  
6 assessor must add the district's timber assessed value, as defined in  
7 RCW 84.33.035, to the assessed value of the property. However, for  
8 school districts (~~(maintenance and operations)~~) enrichment levies,  
9 only one-half of the district's timber assessed value or eighty  
10 percent of the timber roll of the district in calendar year 1983 as  
11 determined under chapter (~~(84.33)~~) 84.52 RCW, whichever is greater,  
12 must be added to the assessed value of the property.

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

16 I, . . . . ., assessor of . . . . . county, state of  
17 Washington, do hereby certify that the foregoing is a  
18 correct list of taxes levied on the real and personal  
19 property in the county of . . . . . for the year two  
20 thousand . . . . .

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

22 . . . . ., County Assessor

23 (4) The county assessor must deliver the tax rolls to the county  
24 treasurer, on or before the fifteenth day of January, taking a  
25 receipt from the treasurer. At the same time, the county assessor  
26 must provide the county auditor with an abstract of the tax rolls  
27 showing the total amount of taxes collectible in each of the taxing  
28 districts.

29 **Sec. 26.** RCW 84.36.385 and 2020 c 209 s 2 are each amended to  
30 read as follows:

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



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

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

11 (4) At least once every six years, the county assessor must  
12 notify those persons receiving an exemption from taxes under RCW  
13 84.36.381 of the requirement to file a renewal application. The  
14 county assessor may also require a renewal application following an  
15 amendment of the income requirements set forth in RCW 84.36.381.

16 (5) If the assessor finds that the applicant does not meet the  
17 qualifications as set forth in RCW 84.36.381, as now or hereafter  
18 amended, the claim or exemption must be denied but such denial is  
19 subject to appeal under the provisions of RCW 84.48.010 and in  
20 accordance with the provisions of RCW 84.40.038. If the applicant had  
21 received exemption in prior years based on erroneous information, the  
22 taxes must be collected subject to penalties as provided in RCW  
23 84.40.130 for a period of not to exceed five years.

24 (6) The department and each local assessor is hereby directed to  
25 publicize the qualifications and manner of making claims under RCW  
26 84.36.381 through 84.36.389, through communications media, including  
27 such paid advertisements or notices as it deems appropriate. Notice  
28 of the qualifications, method of making applications, the penalties  
29 for not reporting a change in status, and availability of further  
30 information must be included on or with property tax statements and  
31 revaluation notices for all residential property including mobile  
32 homes, except rental properties.

33 (7) The department must authorize an option for electronic filing  
34 of applications and renewal applications for the exemption under RCW  
35 84.36.381.

36 (8) Beginning August 1, 2019, and by March 1<sup>st</sup> every fifth year  
37 thereafter, the department must publish updated income thresholds.  
38 The adjusted thresholds must be rounded up to the nearest one  
39 thousand dollars. If the income threshold adjustment is negative, the  
40 income threshold for the prior year continues to apply. The

1 department must adjust income thresholds for each county to reflect  
2 the most recent year available of estimated county median household  
3 incomes, including preliminary estimates or projections, as published  
4 by the office of financial management. For the purposes of this  
5 subsection, "county median household income" has the same meaning as  
6 provided in RCW 84.36.383.

7 (9) Beginning with the adjustment made by March 1, 2024, as  
8 provided in subsection (8) of this section, and every second  
9 adjustment thereafter, if an income threshold in a county is not  
10 adjusted based on percentage of county median income, then the income  
11 threshold must be adjusted based on the growth of the seasonally  
12 adjusted consumer price index for all urban consumers (CPI-U) for the  
13 prior twelve month period as published by the United States bureau of  
14 labor statistics. In no case may the adjustment be greater than one  
15 percent. The adjusted thresholds must be rounded to the nearest one  
16 dollar. If the income threshold adjustment is negative, the income  
17 threshold for the prior year continues to apply.

18 NEW SECTION. **Sec. 27.** RCW 82.25.045 (Shipped or transported  
19 outside state—Tax credit) and 2019 c 445 s 109 are each repealed.

--- END ---