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**SENATE BILL 5541**

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**State of Washington**

**67th Legislature**

**2022 Regular Session**

**By** Senators Mullet, Gildon, Keiser, Lias, and Lovick

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

37 (v) "Timber products" means:

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

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

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

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

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

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

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

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

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

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

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

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