
SENATE BILL 5769

State of Washington**67th Legislature****2022 Regular Session**

By Senators L. Wilson, Braun, Brown, Dozier, Fortunato, Gildon, Hawkins, Holy, Honeyford, King, McCune, Muzzall, Padden, Rivers, Sheldon, Short, Warnick, and J. Wilson

Read first time 01/11/22. Referred to Committee on Business, Financial Services & Trade.

1 AN ACT Relating to reforming the state tax system by providing
2 tax relief to residents, employees, and employers; amending RCW
3 84.48.010, 84.69.020, 82.04.240, 82.04.2404, 82.04.260, 82.04.2909,
4 82.04.294, 82.04.280, and 82.32.790; adding a new section to chapter
5 84.36 RCW; adding a new section to chapter 84.52 RCW; creating new
6 sections; repealing RCW 82.87.010, 82.87.020, 82.87.030, 82.87.040,
7 82.87.050, 82.87.060, 82.87.070, 82.87.080, 82.87.090, 82.87.100,
8 82.87.110, 82.87.120, 82.87.130, 82.87.140, 82.04.4497, 82.87.150,
9 50B.04.010, 50B.04.020, 50B.04.030, 50B.04.040, 50B.04.050,
10 50B.04.060, 50B.04.070, 50B.04.080, 50B.04.085, 50B.04.090,
11 50B.04.095, 50B.04.100, 50B.04.110, 50B.04.120, 50B.04.130,
12 50B.04.140, 50B.04.150, 50B.04.160, and 50B.04.900; repealing 2017
13 3rd sp.s. c 37 s 518, 2017 c 135 s 9, 2010 c 114 s 104, and 2003 c
14 149 s 3; repealing 2021 c 196 ss 18 and 20 (uncodified); providing an
15 effective date; and providing a contingent effective date.

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

17 NEW SECTION. **Sec. 1.** This act may be known and cited as the tax
18 relief and reform act of 2022.

19 NEW SECTION. **Sec. 2.** (1) The legislature intends with this act
20 to reform Washington state's tax system to provide tax relief to

1 residents and businesses. This tax relief is intended to reduce the
2 property tax burden for homeowners by providing over \$1,000,000,000 a
3 year in progressive property tax relief; improve the competitiveness
4 of Washington's manufacturing industry, which has suffered over
5 70,000 job losses during the 21st century; keep Washington income tax
6 free, in accordance with long-standing court precedent and voter
7 preferences, by eliminating the capital gains income tax; and
8 eliminate the flawed and financially unsound long-term care payroll
9 tax and program.

10 (2) The legislature is cognizant that in the past 10 years the
11 state budget has nearly doubled in growth, significantly outpacing
12 average wage growth for residents and, in light of inflation
13 approaching 40-year highs, that tax relief is both warranted and
14 necessary. As of the latest comparative tax burden report produced by
15 the department of revenue, Washingtonians on a per capita basis have
16 a higher state and local tax burden than the national average,
17 ranking 12th highest in the country in tax burden, and pay over \$750
18 a year more than the national average.

19 (3) The tax relief and reform in this act is intended to benefit
20 both residents and businesses, and it is thematically designed to
21 help protect, and build upon, Washington's competitive advantages
22 that have helped it thrive.

23 (4) The legislature additionally finds that this tax relief and
24 reform can be enacted without harming existing services funded in the
25 state budget, as the state has an over \$10,000,000,000 projected
26 four-year balanced budget surplus, due to revenue growth exceeding
27 projections.

28 **PART I**

29 **PROVIDING A HOMESTEAD PROPERTY TAX EXEMPTION**

30 NEW SECTION. **Sec. 101.** A new section is added to chapter 84.36
31 RCW to read as follows:

32 (1) The definitions in this subsection apply throughout this
33 section unless the context clearly requires otherwise.

34 (a) "Claimant" means an individual who has applied for or is
35 receiving a homestead exemption.

36 (b) "Homestead exemption" means an exemption from a portion of
37 state property taxes.

1 (c) "Manufactured/mobile home," "manufactured housing
2 cooperative," "mobile home park cooperative," and "park model" have
3 the same meanings as provided in RCW 59.20.030.

4 (d) "Residence" means a single-family dwelling unit whether such
5 unit is separate or part of a multiunit dwelling, including the land
6 on which such dwelling stands. "Residence" includes:

7 (i) A single-family dwelling situated upon lands the fee of which
8 is vested in or held in trust by the United States or any of its
9 instrumentalities, a federally recognized Indian tribe, the state of
10 Washington or any of its political subdivisions, or a municipal
11 corporation;

12 (ii) A single-family dwelling consisting of a manufactured/mobile
13 home or park model that has substantially lost its identity as a
14 mobile unit by virtue of its being fixed in location and placed on a
15 foundation with fixed pipe connections with sewer, water, or other
16 utilities; and

17 (iii) A single-family dwelling consisting of a floating home as
18 defined in RCW 82.45.032.

19 (2)(a) Subject to the conditions in this section, a portion of
20 the assessed value of a residence is exempt from the total state
21 property tax under RCW 84.52.065 (1) and (2). Beginning with taxes
22 levied for collection in calendar year 2024 and subject to the
23 adjustments and limitations in subsection (3) of this section, the
24 exemption from state property taxes is equal to:

25 (i) The first \$250,000 of valuation of each residential tax
26 parcel consisting of fewer than three residences; and

27 (ii) The first \$250,000 of valuation of each residence within a
28 multiunit residential dwelling wherein each residence is owned and
29 taxed separately or is owned by members of a cooperative housing
30 association, corporation, or partnership.

31 (b) For taxes levied for collection in calendar year 2024 and
32 each subsequent year thereafter, the amount of homestead exemption
33 must be increased from the prior year's exemption amount by the
34 percentage growth in the state levy for the prior calendar year. The
35 department is responsible for making a determination of any increase
36 in the amount of the homestead exemption and may round the dollar
37 amount of the homestead exemption to the nearest thousand dollars.

38 (3)(a) The county assessor must multiply the amount of the
39 homestead exemption for a tax year by the combined indicated ratio
40 from the previous tax year fixed by the department for the county in

1 which the residence is located and used by the department to
2 determine the equalized state levy rate for that county.

3 (b) The amount of the homestead exemption for a residence may not
4 result in a tax reduction that exceeds the amount of state property
5 taxes that would otherwise be levied on that residence.

6 (4) The homestead exemption is in addition to the exemption
7 provided in RCW 84.36.379 through 84.36.389.

8 (5)(a) The homestead exemption must be claimed and renewed on
9 declaration and renewal declaration forms developed by the department
10 or by the county assessor and approved by the department. Each county
11 assessor must make declaration and renewal declaration forms
12 available at the assessor's office, on the assessor's official
13 website, and by mail or email upon request.

14 (b) The claimant or his or her designated agent or legal guardian
15 must sign the declaration or renewal declaration declaring that the
16 property for which a homestead exemption is sought is the claimant's
17 principal residence within the meaning of subsection (6)(a) and (b)
18 of this section. If the claimant resides in a cooperative housing
19 association, corporation, or partnership, the declaration or renewal
20 declaration must also be signed by the authorized agent of such
21 cooperative. If the claimant holds a life estate in the residence for
22 which a homestead exemption is claimed and the claimant is not shown
23 on the tax rolls as the taxpayer for that residence, the remainderman
24 or other person shown on the tax rolls as the taxpayer must also sign
25 the declaration or renewal declaration. All signatures on a
26 declaration or renewal declaration must be made under penalty of
27 perjury.

28 (c) Notice of the homestead exemption and where to obtain further
29 information about the exemption must be included on or with property
30 tax statements and revaluation notices for residential property. The
31 department and each county assessor are required to publicize the
32 qualifications and manner of making claims for the homestead
33 exemption, including such paid advertisements or notices as deemed
34 appropriate in the sole discretion of the department and county
35 assessors.

36 (6) The following conditions apply to homestead exemptions:

37 (a) The residence must be occupied by the claimant as his or her
38 principal place of residence as of the date of the signed declaration
39 or renewal declaration under subsection (5) of this section. A
40 claimant who sells, transfers, or is displaced from his or her

1 residence may transfer his or her exemption status to a replacement
2 residence, but no claimant may receive a homestead exemption on more
3 than one residence in any calendar year. However, the confinement of
4 the claimant to a hospital, nursing home, assisted living facility,
5 or adult family home will not disqualify the claim of exemption if:

6 (i) The residence is temporarily unoccupied;

7 (ii) The residence is occupied by either a spouse, state
8 registered domestic partner, or a person financially dependent on the
9 claimant for support, or both; or

10 (iii) The residence is rented for the purpose of paying the
11 claimant's costs of a nursing home, hospital, assisted living
12 facility, or adult family home.

13 (b) At the time of signing the declaration or renewal
14 declaration:

15 (i) The claimant must have owned, in fee or by contract purchase,
16 or have held a life estate in, the residence for which the homestead
17 exemption is claimed; or

18 (ii) If the claimant resides in a cooperative housing
19 association, corporation, or partnership, including a mobile home
20 park cooperative or manufactured housing cooperative, the claimant
21 must own a share in the cooperative representing the unit or dwelling
22 in which he or she resides or the lot on which his or her
23 manufactured/mobile home or park model is situated.

24 (c) For purposes of this subsection, a residence owned by a
25 marital community, state registered domestic partners, or cotenants
26 is deemed to be owned by each spouse, domestic partner, or cotenant,
27 and any lease for life is deemed a life estate.

28 (d) Except as provided in (e) of this subsection, the declaration
29 form identified in subsection (5) of this section must be signed and
30 returned to the county assessor no later than June 30th for exemption
31 from state taxes payable the following year.

32 (e) A homestead exemption continues for no more than six
33 consecutive years unless a renewal declaration is filed with the
34 county assessor. At least once every six years the county assessor
35 must, no later than March 1st, notify claimants currently receiving a
36 homestead exemption of the requirement to file a renewal declaration.
37 The county assessor may also require a renewal declaration following
38 any change in state law regarding the qualifications or conditions
39 for the homestead exemption. Each claimant receiving a homestead
40 exemption must file with the county assessor a renewal declaration no

1 later than June 30th of the year the assessor notifies such person of
2 the requirement to file the renewal declaration.

3 (f) (i) The assessed value of a dwelling owned by a cooperative
4 housing association, corporation, or partnership must be reduced, for
5 purposes of state property taxes levied on the dwelling, by the
6 amount of homestead exemption to which a claimant residing in that
7 dwelling is entitled. The cooperative must pass the full amount of
8 its property tax savings under this section to its members in
9 proportion to each member's homestead exemption. The cooperative may
10 meet its obligation under this subsection (6) (f) (i) by reducing the
11 amount owed by the members to the cooperative or, if no amount be
12 owed, by making payment to the members.

13 (ii) A mobile home park cooperative or manufactured housing
14 cooperative is entitled to any unused portion of the homestead
15 exemption of its members. A mobile home park cooperative or
16 manufactured housing cooperative receiving the unused portion of the
17 homestead exemption of its members must pass the full amount of its
18 property tax savings to its members in proportion to each member's
19 unused homestead exemption. The cooperative may meet its obligation
20 under this subsection (6) (f) (ii) by reducing the amount owed by the
21 members to the cooperative or, if no amount be owed, by making
22 payment to the members. For purposes of this subsection (6) (f) (ii),
23 "unused portion of the homestead exemption" means the amount by which
24 the maximum allowable homestead exemption exceeds the assessed value
25 of the manufactured/mobile home or park model owned by a member of
26 the mobile home park cooperative or manufactured housing cooperative.

27 (g) A claimant granted a homestead exemption must immediately
28 inform the county assessor, on forms created or approved by the
29 department, of any change in status affecting the claimant's
30 entitlement to a homestead exemption.

31 (h) Where a claimant has a life estate in his or her residence
32 and a remainderman or other person would have otherwise paid the
33 state property tax exempted on the residence as a result of the
34 claimant's homestead exemption, such remainderman or other person
35 must reduce the amount owed by the claimant to the remainderman or
36 other person by the amount of the tax savings from the claimant's
37 homestead exemption. If no amount is owed by the claimant to the
38 remainderman or other person, the remainderman or other person must
39 make payment to the claimant in the full amount of the tax savings
40 from the claimant's homestead exemption.

1 (7) (a) (i) If the assessor finds that the claimant's residence
2 does not meet the qualifications for a homestead exemption, the
3 assessor must deny or cancel the homestead exemption.

4 (ii) If the assessor receives a declaration or renewal
5 declaration after the deadline in subsection (6) (d) or (e) of this
6 section, the assessor must deny the homestead exemption unless the
7 assessor determines that the claimant qualifies for the homestead
8 exemption and that good cause exists to excuse the late filing. A
9 claimant whose homestead exemption was denied or canceled because the
10 declaration or renewal declaration was filed after the deadline in
11 subsection (6) (d) or (e) of this subsection may seek a refund of
12 state property taxes paid as a result of the denial or cancellation,
13 as provided in RCW 84.69.020. For purposes of this subsection
14 (7) (a) (ii), good cause may be shown by one or more of the following
15 circumstances:

16 (A) Death or serious illness of the claimant or a member of the
17 claimant's immediate family, as defined in RCW 42.17A.005, within two
18 weeks of the due date of the declaration or renewal declaration;

19 (B) The declaration or renewal declaration was mailed timely but
20 inadvertently sent to the wrong address;

21 (C) The claimant received incorrect, ambiguous, or misleading
22 written advice regarding the qualifications or filing requirements
23 for the homestead exemption from the county assessor's staff;

24 (D) Natural disaster, such as flood or earthquake, occurring
25 within two weeks of the due date of the declaration or renewal
26 declaration;

27 (E) Delay or loss of the declaration or renewal declaration by
28 the postal service, and documented by the postal service;

29 (F) The claimant was not sent a notice of the requirement to file
30 a renewal declaration within the six-year period as required by
31 subsection (6) (e) of this section; or

32 (G) Other circumstances as the department may provide by rule.

33 (b) A denial or cancellation under this subsection is subject to
34 appeal under the provisions of RCW 84.48.010 and in accordance with
35 the provisions of RCW 84.40.038.

36 (c) If the assessor determines that the claimant had received a
37 homestead exemption in error in prior years, the county treasurer
38 must collect all state property taxes that would have been paid on
39 the claimant's residence for the prior years had the homestead
40 exemption not been claimed, not to exceed six years. Interest, but

1 not penalties, applies to such taxes and is computed at the same
2 rates and in the same way as interest is computed on delinquent
3 taxes. Taxes and interest imposed under this subsection (7)(c): (i)
4 Must be extended on the tax roll; (ii) are due within 30 days after
5 the date of the treasurer's billing for such taxes and interest; and
6 (iii) constitute a lien on the real property to which the tax and
7 interest applies as provided in chapter 84.60 RCW.

8 (8) The department may conduct audits of the administration of
9 this section and claims filed for the homestead exemption as the
10 department considers necessary. The powers of the department under
11 chapter 84.08 RCW apply to these audits.

12 (9) The homestead exemption under this section applies to the
13 total state property tax levied under RCW 84.52.065. The exemption
14 does not apply to any local property taxes.

15 (10) The department may adopt such rules in accordance with
16 chapter 34.05 RCW, and prescribe such forms, as the department deems
17 necessary and appropriate to implement and administer this section.

18 NEW SECTION. **Sec. 102.** A new section is added to chapter 84.52
19 RCW to read as follows:

20 Pursuant to the provisions of Article VII, section . . . (Senate
21 Joint Resolution No. 8206), the state levy must be reduced as
22 necessary to prevent the value exempted under the homestead exemption
23 in section 101 of this act from resulting in a higher tax rate than
24 would have occurred in the absence of the homestead exemption.

25 **Sec. 103.** RCW 84.48.010 and 2017 c 155 s 1 are each amended to
26 read as follows:

27 (1) Prior to July 15th, the county legislative authority must
28 form a board for the equalization of the assessment of the property
29 of the county. The members of the board must receive a per diem
30 amount as set by the county legislative authority for each day of
31 actual attendance of the meeting of the board of equalization to be
32 paid out of the current expense fund of the county. However, when the
33 county legislative authority constitutes the board they may only
34 receive their compensation as members of the county legislative
35 authority. The board of equalization must meet in open session for
36 this purpose annually on the 15th day of July or within fourteen days
37 of certification of the county assessment rolls, whichever is later,
38 and, having each taken an oath fairly and impartially to perform

1 their duties as members of such board, they must examine and compare
2 the returns of the assessment of the property of the county and
3 proceed to equalize the same, so that each tract or lot of real
4 property and each article or class of personal property must be
5 entered on the assessment list at its true and fair value, according
6 to the measure of value used by the county assessor in such
7 assessment year, which is presumed to be correct under RCW
8 84.40.0301, and subject to the following rules:

9 (a) They must raise the valuation of each tract or lot or item of
10 real property which is returned below its true and fair value to such
11 price or sum as to be the true and fair value thereof, after at least
12 five days' notice must have been given in writing to the owner or
13 agent.

14 (b) They must reduce the valuation of each tract or lot or item
15 which is returned above its true and fair value to such price or sum
16 as to be the true and fair value thereof.

17 (c) They must raise the valuation of each class of personal
18 property which is returned below its true and fair value to such
19 price or sum as to be the true and fair value thereof, and they must
20 raise the aggregate value of the personal property of each individual
21 whenever the aggregate value is less than the true valuation of the
22 taxable personal property possessed by such individual, to such sum
23 or amount as to be the true value thereof, after at least five days'
24 notice must have been given in writing to the owner or agent thereof.

25 (d) They must reduce the valuation of each class of personal
26 property enumerated on the detail and assessment list of the current
27 year, which is returned above its true and fair value, to such price
28 or sum as to be the true and fair value thereof; and they must reduce
29 the aggregate valuation of the personal property of such individual
30 who has been assessed at too large a sum to such sum or amount as was
31 the true and fair value of the personal property.

32 (e) The board may review all claims for either real or personal
33 property tax exemption, or homestead exemptions under section 101 of
34 this act, as determined by the county assessor, and must consider any
35 taxpayer appeals from the decision of the assessor thereon to
36 determine (i) if the taxpayer is entitled to an exemption, and (ii)
37 if so, the amount thereof.

38 (2) The board must notify the taxpayer and assessor of the
39 board's decision within forty-five days of any hearing on the

1 taxpayer's appeal of the assessor's valuation of real or personal
2 property.

3 (3) The clerk of the board must keep an accurate journal or
4 record of the proceedings and orders of the board showing the facts
5 and evidence upon which their action is based, and the record must be
6 published the same as other proceedings of county legislative
7 authority, and must make a true record of the changes of the
8 descriptions and assessed values ordered by the county board of
9 equalization. The assessor must correct the real and personal
10 assessment rolls in accordance with the changes made by the county
11 board of equalization.

12 (4) The county board of equalization must meet on the 15th day of
13 July or within fourteen days of certification of the county
14 assessment rolls, whichever is later, and may continue in session and
15 adjourn from time to time during a period not to exceed four weeks,
16 but must remain in session not less than three days. However, the
17 county board of equalization with the approval of the county
18 legislative authority may convene at any time when petitions filed
19 exceed twenty-five, or ten percent of the number of appeals filed in
20 the preceding year, whichever is greater.

21 (5) No taxes, except special taxes, may be extended upon the tax
22 rolls until the property valuations are equalized by the department
23 of revenue for the purpose of raising the state revenue.

24 (6) County legislative authorities as such have at no time any
25 authority to change the valuation of the property of any person or to
26 release or commute in whole or in part the taxes due on the property
27 of any person.

28 **Sec. 104.** RCW 84.69.020 and 2017 3rd sp.s. c 13 s 310 are each
29 amended to read as follows:

30 (1) On the order of the county treasurer, ad valorem taxes paid
31 before or after delinquency must be refunded if they were:

32 ~~((1))~~ (a) Paid more than once;

33 ~~((2))~~ (b) Paid as a result of manifest error in description;

34 ~~((3))~~ (c) Paid as a result of a clerical error in extending the
35 tax rolls;

36 ~~((4))~~ (d) Paid as a result of other clerical errors in listing
37 property;

38 ~~((5))~~ (e) Paid with respect to improvements which did not exist
39 on assessment date;

1 ~~((6))~~ (f) Paid under levies or statutes adjudicated to be
2 illegal or unconstitutional;

3 ~~((7))~~ (g) Paid as a result of mistake, inadvertence, or lack of
4 knowledge by any person exempted from paying real property taxes or a
5 portion thereof pursuant to RCW 84.36.381 through 84.36.389, as now
6 or hereafter amended;

7 ~~((8))~~ (h) Paid as a result of mistake, inadvertence, or lack of
8 knowledge by either a public official or employee or by any person
9 with respect to real property in which the person paying the same has
10 no legal interest;

11 ~~((9))~~ (i) Paid on the basis of an assessed valuation which was
12 appealed to the county board of equalization and ordered reduced by
13 the board;

14 ~~((10))~~ (j) Paid on the basis of an assessed valuation which was
15 appealed to the state board of tax appeals and ordered reduced by the
16 board: PROVIDED, That the amount refunded under (i) and (j) of this
17 subsection~~((s (9) and (10) of this section shall))~~ may only be for
18 the difference between the tax paid on the basis of the appealed
19 valuation and the tax payable on the valuation adjusted in accordance
20 with the board's order;

21 ~~((11))~~ (k) Paid as a state property tax levied upon property,
22 the assessed value of which has been established by the state board
23 of tax appeals for the year of such levy: PROVIDED, HOWEVER, That the
24 amount refunded ~~((shall))~~ may only be for the difference between the
25 state property tax paid and the amount of state property tax which
26 would, when added to all other property taxes within the one percent
27 limitation of Article VII, section 2 of the state Constitution equal
28 one percent of the assessed value established by the board;

29 ~~((12))~~ (l) Paid on the basis of an assessed valuation which was
30 adjudicated to be unlawful or excessive: PROVIDED, That the amount
31 refunded ~~((shall be))~~ is for the difference between the amount of tax
32 which was paid on the basis of the valuation adjudged unlawful or
33 excessive and the amount of tax payable on the basis of the assessed
34 valuation determined as a result of the proceeding;

35 ~~((13))~~ (m) Paid on property acquired under RCW 84.60.050, and
36 canceled under RCW 84.60.050(2);

37 ~~((14))~~ (n) Paid on the basis of an assessed valuation that was
38 reduced under RCW 84.48.065;

39 ~~((15))~~ (o) Paid on the basis of an assessed valuation that was
40 reduced under RCW 84.40.039; or

1 ~~((16))~~ (p) Abated under RCW 84.70.010.
2 (2) No refunds under the provisions of this section ~~((shall))~~ may
3 be made because of any error in determining the valuation of
4 property, except as authorized in subsection~~((s (9), (10), (11), and~~
5 ~~(12))~~ (1) (i) through (l) of this section nor may any refunds be
6 made if a bona fide purchaser has acquired rights that would preclude
7 the assessment and collection of the refunded tax from the property
8 that should properly have been charged with the tax. Any refunds made
9 on delinquent taxes must include the proportionate amount of interest
10 and penalties paid. However, no refunds as a result of an incorrect
11 payment authorized under subsection ~~((8))~~ (1)(h) of this section
12 made by a third party payee ~~((shall))~~ may be granted. The county
13 treasurer may deduct from moneys collected for the benefit of the
14 state's levies, refunds of the state's levies including interest on
15 the levies as provided by this section and chapter 84.68 RCW.
16 (3) The county treasurer of each county must make all refunds
17 determined to be authorized by this section, and by the first Monday
18 in February of each year, report to the county legislative authority
19 a list of all refunds made under this section during the previous
20 year. The list is to include the name of the person receiving the
21 refund, the amount of the refund, and the reason for the refund.

22 NEW SECTION. **Sec. 105.** Sections 101 through 104 of this act
23 take effect January 1, 2023, if the proposed amendment to Article VII
24 of the state Constitution (Senate Joint Resolution No. 8206),
25 providing for a homestead exemption, is validly submitted to and is
26 approved and ratified by the voters at the next general election.

27 PART II

28 **ELIMINATING THE MANUFACTURING BUSINESS AND OCCUPATION TAX**

29 NEW SECTION. **Sec. 201.** The legislature finds that the
30 manufacturing industry in Washington is an important source of jobs
31 that pay significantly more than the average state wage. The
32 legislature also finds that even prior to the coronavirus pandemic,
33 the manufacturing industry had lost more than 70,000 jobs during the
34 21st century, while other leading Washington industries have
35 collectively added hundreds of thousands of jobs. The legislature
36 further finds that the coronavirus pandemic has exposed the

1 detriments of limited manufacturing capacity at times when the people
2 need a reliable supply of basic core products and goods.

3 It is the intent of the legislature to encourage a resurgence of
4 manufacturing capacity in Washington and the creation of family-wage
5 jobs by reducing the tax burden on the manufacturing industry. It is
6 intended that sections 202 through 209 of this act will not only
7 enhance the security of the public by promoting self-sufficiency, but
8 also draw new industries to Washington.

9 **Sec. 202.** RCW 82.04.240 and 2004 c 24 s 4 are each amended to
10 read as follows:

11 Upon every person engaging within this state in business as a
12 manufacturer or processor for hire, except persons taxable as
13 manufacturers or processors for hire under other provisions of this
14 chapter; as to such persons the amount of the tax with respect to
15 such business shall be equal to the value of the products, including
16 by-products, manufactured or processed, multiplied by the rate of
17 ~~((0.484))~~ 0.00 percent.

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

21 **Sec. 203.** RCW 82.04.2404 and 2021 c 145 s 6 are each amended to
22 read as follows:

23 (1) Upon every person engaging within this state in the business
24 of manufacturing or processing for hire semiconductor materials, as
25 to such persons the amount of tax with respect to such business is,
26 in the case of manufacturers, equal to the value of the product
27 manufactured, or, in the case of processors for hire, equal to the
28 gross income of the business, multiplied by the rate of ~~((0.275))~~
29 0.00 percent.

30 (2) For the purposes of this section "semiconductor materials"
31 means silicon crystals, silicon ingots, raw polished semiconductor
32 wafers, and compound semiconductor wafers.

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

36 ~~(4) Any person who has claimed the preferential tax rate under
37 this section must reimburse the department for fifty percent of the
38 amount of the tax preference under this section, if the number of~~

1 persons employed by the person claiming the tax preference is less
2 than ninety percent of the person's three-year employment average for
3 the three years immediately preceding the year in which the
4 preferential tax rate is claimed.

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

6 **Sec. 204.** RCW 82.04.260 and 2021 c 145 s 7 are each amended to
7 read as follows:

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

10 (a) Wheat into flour, barley into pearl barley, soybeans into
11 soybean oil, canola into canola oil, canola meal, or canola by-
12 products, or sunflower seeds into sunflower oil; as to such persons
13 the amount of tax with respect to such business is equal to the value
14 of the flour, pearl barley, oil, canola meal, or canola by-product
15 manufactured, multiplied by the rate of (~~0.138~~) 0.00 percent;

16 (b) Beginning July 1, 2025, seafood products that remain in a
17 raw, raw frozen, or raw salted state at the completion of the
18 manufacturing by that person; or selling manufactured seafood
19 products that remain in a raw, raw frozen, or raw salted state at the
20 completion of the manufacturing, to purchasers who transport in the
21 ordinary course of business the goods out of this state; as to such
22 persons the amount of tax with respect to such business is equal to
23 the value of the products manufactured multiplied by the rate of 0.00
24 percent or the gross proceeds derived from such sales, multiplied by
25 the rate of 0.138 percent. Sellers must keep and preserve records for
26 the period required by RCW 82.32.070 establishing that the goods were
27 transported by the purchaser in the ordinary course of business out
28 of this state;

29 (c) (i) Except as provided otherwise in (c) (iii) of this
30 subsection, from July 1, 2025, until January 1, 2036, dairy products;
31 or selling dairy products that the person has manufactured to
32 purchasers who either transport in the ordinary course of business
33 the goods out of state or purchasers who use such dairy products as
34 an ingredient or component in the manufacturing of a dairy product;
35 as to such persons the tax imposed is equal to the value of the
36 products manufactured multiplied by the rate of 0.00 percent or the
37 gross proceeds derived from such sales multiplied by the rate of
38 0.138 percent. Sellers must keep and preserve records for the period
39 required by RCW 82.32.070 establishing that the goods were

1 transported by the purchaser in the ordinary course of business out
2 of this state or sold to a manufacturer for use as an ingredient or
3 component in the manufacturing of a dairy product.

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

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

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

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

18 (d)(i) Beginning July 1, 2025, fruits or vegetables by canning,
19 preserving, freezing, processing, or dehydrating fresh fruits or
20 vegetables, or selling at wholesale fruits or vegetables manufactured
21 by the seller by canning, preserving, freezing, processing, or
22 dehydrating fresh fruits or vegetables and sold to purchasers who
23 transport in the ordinary course of business the goods out of this
24 state; as to such persons the amount of tax with respect to such
25 business is equal to the value of the products manufactured
26 multiplied by the rate of 0.00 percent or the gross proceeds derived
27 from such sales multiplied by the rate of 0.138 percent. Sellers must
28 keep and preserve records for the period required by RCW 82.32.070
29 establishing that the goods were transported by the purchaser in the
30 ordinary course of business out of this state.

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

34 (e) Wood biomass fuel; as to such persons the amount of tax with
35 respect to the business is equal to the value of wood biomass fuel
36 manufactured, multiplied by the rate of (~~0.138~~) 0.00 percent. For
37 the purposes of this section, "wood biomass fuel" means a liquid or
38 gaseous fuel that is produced from lignocellulosic feedstocks,
39 including wood, forest, or field residue and dedicated energy crops,

1 and that does not include wood treated with chemical preservations
2 such as creosote, pentachlorophenol, or copper-chrome-arsenic.

3 (2) Upon every person engaging within this state in the business
4 of splitting or processing dried peas; as to such persons the amount
5 of tax with respect to such business is equal to the value of the
6 peas split or processed, multiplied by the rate of (~~(0.138)~~) 0.00
7 percent.

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

13 (4) Upon every person engaging within this state in the business
14 of slaughtering, breaking and/or processing perishable meat products
15 and/or selling the same at wholesale only and not at retail; as to
16 such persons the tax imposed is equal to the gross proceeds derived
17 from such sales multiplied by the rate of (~~(0.138)~~) 0.00 percent.

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

25 (b) Upon every person engaging within this state in the business
26 of acting as a travel agent or tour operator and whose annual taxable
27 amount for the prior calendar year from such business was more than
28 (~~(two hundred fifty thousand dollars)~~) \$250,000; as to such persons
29 the amount of the tax with respect to such activities is equal to the
30 gross income derived from such activities multiplied by the rate of
31 0.275 percent through June 30, 2019, and 0.9 percent beginning July
32 1, 2019.

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

1 (7) Upon every person engaging within this state in the business
2 of stevedoring and associated activities pertinent to the movement of
3 goods and commodities in waterborne interstate or foreign commerce;
4 as to such persons the amount of tax with respect to such business is
5 equal to the gross proceeds derived from such activities multiplied
6 by the rate of 0.275 percent. Persons subject to taxation under this
7 subsection are exempt from payment of taxes imposed by chapter 82.16
8 RCW for that portion of their business subject to taxation under this
9 subsection. Stevedoring and associated activities pertinent to the
10 conduct of goods and commodities in waterborne interstate or foreign
11 commerce are defined as all activities of a labor, service or
12 transportation nature whereby cargo may be loaded or unloaded to or
13 from vessels or barges, passing over, onto or under a wharf, pier, or
14 similar structure; cargo may be moved to a warehouse or similar
15 holding or storage yard or area to await further movement in import
16 or export or may move to a consolidation freight station and be
17 stuffed, unstuffed, containerized, separated or otherwise segregated
18 or aggregated for delivery or loaded on any mode of transportation
19 for delivery to its consignee. Specific activities included in this
20 definition are: Wharfage, handling, loading, unloading, moving of
21 cargo to a convenient place of delivery to the consignee or a
22 convenient place for further movement to export mode; documentation
23 services in connection with the receipt, delivery, checking, care,
24 custody and control of cargo required in the transfer of cargo;
25 imported automobile handling prior to delivery to consignee; terminal
26 stevedoring and incidental vessel services, including but not limited
27 to plugging and unplugging refrigerator service to containers,
28 trailers, and other refrigerated cargo receptacles, and securing ship
29 hatch covers.

30 (8) (a) Upon every person engaging within this state in the
31 business of disposing of low-level waste, as defined in RCW
32 70A.380.010; as to such persons the amount of the tax with respect to
33 such business is equal to the gross income of the business, excluding
34 any fees imposed under chapter 70A.384 RCW, multiplied by the rate of
35 3.3 percent.

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

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

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

14 (11)(a) Beginning October 1, 2005, upon every person engaging
15 within this state in the business of manufacturing commercial
16 airplanes, or components of such airplanes, or making sales, at
17 retail or wholesale, of commercial airplanes or components of such
18 airplanes, manufactured by the seller, as to such persons the amount
19 of tax with respect to such business is, in the case of
20 manufacturers, equal to the value of the product manufactured and the
21 gross proceeds of sales of the product manufactured, or in the case
22 of processors for hire, equal to the gross income of the business,
23 multiplied by the rate of:

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

25 (ii) 0.2904 percent beginning July 1, 2007, through March 31,
26 2020; (~~and~~)

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

32 (iv) Beginning October 1, 2022, 0.00 percent for manufacturing
33 activities described in this subsection (11)(a).

34 (b) Beginning July 1, 2008, upon every person who is not eligible
35 to report under the provisions of (a) of this subsection (11) and is
36 engaging within this state in the business of manufacturing tooling
37 specifically designed for use in manufacturing commercial airplanes
38 or components of such airplanes, or making sales, at retail or
39 wholesale, of such tooling manufactured by the seller, as to such
40 persons the amount of tax with respect to such business is, in the

1 case of manufacturers, equal to the value of the product manufactured
2 and the gross proceeds of sales of the product manufactured, or in
3 the case of processors for hire, be equal to the gross income of the
4 business, multiplied by the rate of:

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

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

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

12 (B) (~~0.484~~) 0.00 percent on all other business activities
13 described in this subsection (11)(b) beginning July 1, 2022.

14 (c) For the purposes of this subsection (11), "commercial
15 airplane" and "component" have the same meanings as provided in RCW
16 82.32.550.

17 (d)(i) In addition to all other requirements under this title, a
18 person reporting (~~under the tax rate~~) a preferential tax rate for
19 retailing or wholesaling activities provided in this subsection (11)
20 must file a complete annual tax performance report with the
21 department under RCW 82.32.534. However, this requirement does not
22 apply to persons reporting under the tax rate in (a)(iii) of this
23 subsection (11), so long as that rate remains 0.484 percent, or under
24 any of the tax rates in (b)(ii)(A) and (B) of this subsection (11),
25 so long as those tax rates remain the rate imposed pursuant to RCW
26 82.04.250(1) and 0.484 percent, respectively.

27 (ii) Nothing in (d)(i) of this subsection (11) may be construed
28 as affecting the obligation of a person reporting under a tax rate
29 provided in this subsection (11) to file a complete annual tax
30 performance report with the department under RCW 82.32.534: (A)
31 Pursuant to another provision of this title as a result of claiming a
32 tax credit or exemption; or (B) pursuant to (d)(i) of this subsection
33 (11) as a result of claiming the tax rates in (a)(ii) or (b)(i) of
34 this subsection (11) for periods ending before April 1, 2020.

35 (e)(i) After March 31, 2021, the tax rates under (a)(iii) and
36 (b)(ii)(A) of this subsection (11) must be reduced to 0.357 percent
37 for retailing and wholesaling activities provided the conditions in
38 RCW 82.04.2602 are met. The effective date of the rates authorized
39 under this subsection (11)(e) must occur on the first day of the next
40 calendar quarter that is at least (~~sixty~~) 60 days after the

1 department receives the last of the two written notices pursuant to
2 RCW 82.04.2602 (3) and (4).

3 (ii) Both a significant commercial airplane manufacturer
4 separately and the rest of the aerospace industry as a whole,
5 receiving the rate of 0.357 percent under this subsection (11)(e) are
6 subject to the aerospace apprenticeship utilization rates required
7 under RCW 49.04.220 by April 1, 2026, or five years after the
8 effective date of the 0.357 percent rate authorized under this
9 subsection (11)(e), whichever is later, as determined by the
10 department of labor and industries.

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

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

15 (ii) With respect to (~~the manufacturing of commercial airplanes~~
16 ~~or~~) making sales, at retail or wholesale, of commercial airplanes,
17 this subsection (11) does not apply on and after July 1st of the year
18 in which the department makes a determination that any final assembly
19 or wing assembly of any version or variant of a commercial airplane
20 that is the basis of a siting of a significant commercial airplane
21 manufacturing program in the state under RCW 82.32.850 has been sited
22 outside the state of Washington. This subsection (11)(f)(ii) only
23 applies to the (~~manufacturing or~~) sale of commercial airplanes that
24 are the basis of a siting of a significant commercial airplane
25 manufacturing program in the state under RCW 82.32.850. This
26 subsection (11)(f)(ii) continues to apply during the time that a
27 person is subject to the tax rate in (a)(iii) of this subsection
28 (11).

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

33 (12)(a) Until July 1, 2045, upon every person engaging within
34 this state in the business of extracting timber or extracting for
35 hire timber; as to such persons the amount of tax with respect to the
36 business is, in the case of extractors, equal to the value of
37 products, including by-products, extracted, or in the case of
38 extractors for hire, equal to the gross income of the business,
39 multiplied by the rate of 0.4235 percent from July 1, 2006, through
40 June 30, 2007, (~~and~~) 0.2904 percent from July 1, 2007, (~~through~~

1 ~~June 30, 2045~~) until the effective date of this section, and 0.00
2 percent from the effective date of this section and thereafter.

3 (b) Until July 1, 2045, upon every person engaging within this
4 state in the business of manufacturing or processing for hire: (i)
5 Timber into timber products or wood products; (ii) timber products
6 into other timber products or wood products; or (iii) products
7 defined in RCW 19.27.570(1); as to such persons the amount of the tax
8 with respect to the business is, in the case of manufacturers, equal
9 to the value of products, including by-products, manufactured, or in
10 the case of processors for hire, equal to the gross income of the
11 business, multiplied by the rate of 0.4235 percent from July 1, 2006,
12 through June 30, 2007, ~~((and))~~ 0.2904 percent from July 1, 2007,
13 ~~((through June 30, 2045))~~ until the effective date of this section,
14 and 0.00 percent from the effective date of this section and
15 thereafter.

16 (c) Until July 1, 2045, upon every person engaging within this
17 state in the business of selling at wholesale: (i) Timber extracted
18 by that person; (ii) timber products manufactured by that person from
19 timber or other timber products; (iii) wood products manufactured by
20 that person from timber or timber products; or (iv) products defined
21 in RCW 19.27.570(1) manufactured by that person; as to such persons
22 the amount of the tax with respect to the business is equal to the
23 gross proceeds of sales of the timber, timber products, wood
24 products, or products defined in RCW 19.27.570(1) multiplied by the
25 rate of 0.4235 percent from July 1, 2006, through June 30, 2007,
26 ~~((and))~~ 0.2904 percent from July 1, 2007, ~~((through June 30, 2045))~~
27 until the effective date of this section, and 0.00 percent from the
28 effective date of this section and thereafter.

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

39 (e) For purposes of this subsection, the following definitions
40 apply:

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

5 (ii) "Paper and paper products" means products made of interwoven
6 cellulosic fibers held together largely by hydrogen bonding. "Paper
7 and paper products" includes newsprint; office, printing, fine, and
8 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
9 kraft bag, construction, and other kraft industrial papers;
10 paperboard, liquid packaging containers, containerboard, corrugated,
11 and solid-fiber containers including linerboard and corrugated
12 medium; and related types of cellulosic products containing
13 primarily, by weight or volume, cellulosic materials. "Paper and
14 paper products" does not include books, newspapers, magazines,
15 periodicals, and other printed publications, advertising materials,
16 calendars, and similar types of printed materials.

17 (iii) "Recycled paper" means paper and paper products having
18 fifty percent or more of their fiber content that comes from
19 postconsumer waste. For purposes of this subsection (12)(e)(iii),
20 "postconsumer waste" means a finished material that would normally be
21 disposed of as solid waste, having completed its life cycle as a
22 consumer item.

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

27 (v) "Timber products" means:

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

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

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

35 (vi) "Wood products" means paper and paper products; dimensional
36 lumber; engineered wood products such as particleboard, oriented
37 strand board, medium density fiberboard, and plywood; wood doors;
38 wood windows; and biocomposite surface products.

39 (f) Except for small harvesters as defined in RCW 84.33.035, a
40 person reporting under the tax rate provided in this subsection (12)

1 must file a complete annual tax performance report with the
2 department under RCW 82.32.534.

3 (g) Nothing in this subsection (12) may be construed to affect
4 the taxation of any activity defined as a retail sale in RCW
5 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW
6 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

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

12 (14)(a) Upon every person engaging within this state in the
13 business of printing a newspaper, publishing a newspaper, or both,
14 the amount of tax on such business is equal to the gross income of
15 the business multiplied by the rate of 0.35 percent until July 1,
16 2024, and 0.484 percent thereafter.

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

20 **Sec. 205.** RCW 82.04.2909 and 2017 c 135 s 12 are each amended to
21 read as follows:

22 (1) Upon every person who is an aluminum smelter engaging within
23 this state in the business of manufacturing aluminum; as to such
24 persons the amount of tax with respect to such business is, in the
25 case of manufacturers, equal to the value of the product
26 manufactured, or in the case of processors for hire, equal to the
27 gross income of the business, multiplied by the rate of (~~(.2904)~~)
28 0.00 percent.

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

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

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

1 **Sec. 206.** RCW 82.04.294 and 2017 3rd sp.s. c 37 s 403 are each
2 amended to read as follows:

3 (1) Upon every person engaging within this state in the business
4 of manufacturing solar energy systems using photovoltaic modules or
5 stirling converters, or of manufacturing solar grade silicon, silicon
6 solar wafers, silicon solar cells, thin film solar devices, or
7 compound semiconductor solar wafers to be used exclusively in
8 components of such systems; as to such persons the amount of tax with
9 respect to such business is, in the case of manufacturers, equal to
10 the value of the product manufactured, or in the case of processors
11 for hire, equal to the gross income of the business, multiplied by
12 the rate of (~~0.275~~) 0.00 percent.

13 (2) Upon every person engaging within this state in the business
14 of making sales at wholesale of solar energy systems using
15 photovoltaic modules or stirling converters, or of solar grade
16 silicon, silicon solar wafers, silicon solar cells, thin film solar
17 devices, or compound semiconductor solar wafers to be used
18 exclusively in components of such systems, manufactured by that
19 person; as to such persons the amount of tax with respect to such
20 business is equal to the gross proceeds of sales of the solar energy
21 systems using photovoltaic modules or stirling converters, or of the
22 solar grade silicon to be used exclusively in components of such
23 systems, multiplied by the rate of 0.275 percent.

24 (3) Silicon solar wafers, silicon solar cells, thin film solar
25 devices, solar grade silicon, or compound semiconductor solar wafers
26 are "semiconductor materials" for the purposes of RCW 82.08.9651 and
27 82.12.9651.

28 (4) The definitions in this subsection apply throughout this
29 section.

30 (a) "Compound semiconductor solar wafers" means a semiconductor
31 solar wafer composed of elements from two or more different groups of
32 the periodic table.

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

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

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

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

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

6 (g) "Solar grade silicon" means high-purity silicon used
7 exclusively in components of solar energy systems using photovoltaic
8 modules to capture direct sunlight. "Solar grade silicon" does not
9 include silicon used in semiconductors.

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

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

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

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

19 **Sec. 207.** RCW 82.04.280 and 2019 c 449 s 1 are each amended to
20 read as follows:

21 (1) Upon every person engaging within this state in the business
22 of: (a) Printing materials other than newspapers, and of publishing
23 periodicals or magazines; (b) building, repairing or improving any
24 street, place, road, highway, easement, right-of-way, mass public
25 transportation terminal or parking facility, bridge, tunnel, or
26 trestle which is owned by a municipal corporation or political
27 subdivision of the state or by the United States and which is used or
28 to be used, primarily for foot or vehicular traffic including mass
29 transportation vehicles of any kind and including any readjustment,
30 reconstruction or relocation of the facilities of any public, private
31 or cooperatively owned utility or railroad in the course of such
32 building, repairing or improving, the cost of which readjustment,
33 reconstruction, or relocation, is the responsibility of the public
34 authority whose street, place, road, highway, easement, right-of-way,
35 mass public transportation terminal or parking facility, bridge,
36 tunnel, or trestle is being built, repaired or improved; (c)
37 extracting for hire (~~or processing for hire~~), except persons
38 taxable as extractors for hire (~~or processors for hire~~) under
39 another section of this chapter; (d) operating a cold storage

1 warehouse or storage warehouse, but not including the rental of cold
2 storage lockers; (e) representing and performing services for fire or
3 casualty insurance companies as an independent resident managing
4 general agent licensed under the provisions of chapter 48.17 RCW; (f)
5 radio and television broadcasting, but excluding revenues from
6 network, national, and regional advertising computed either: (i) As a
7 standard deduction that the department must publish by rule by
8 September 30, 2020, and by September 30th of every fifth year
9 thereafter, based on the national average thereof as reported by the
10 United States census bureau's economic census; or (ii) in lieu
11 thereof by itemization by the individual broadcasting station, and
12 excluding that portion of revenue represented by the out-of-state
13 audience computed as a ratio to the broadcasting station's total
14 audience as measured by the .5 millivolt/meter signal strength
15 contour for AM radio, the one millivolt/meter or (~~(sixty)~~) 60 dBu
16 signal strength contour for FM radio, the (~~(twenty-eight)~~) 28 dBu
17 signal strength contour for television channels two through six, the
18 (~~(thirty-six)~~) 36 dBu signal strength contour for television channels
19 seven through (~~(thirteen)~~) 13, and the (~~(forty-one)~~) 41 dBu signal
20 strength contour for television channels (~~(fourteen)~~) 14 through
21 (~~(sixty-nine)~~) 69 with delivery by wire, satellite, or any other
22 means, if any; (g) engaging in activities which bring a person within
23 the definition of consumer contained in RCW 82.04.190(6); as to such
24 persons, the amount of tax on such business is equal to the gross
25 income of the business multiplied by the rate of 0.484 percent.

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

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

33 (b) "Storage warehouse" means a building or structure, or any
34 part thereof, in which goods, wares, or merchandise are received for
35 storage for compensation, except field warehouses, fruit warehouses,
36 fruit packing plants, warehouses licensed under chapter 22.09 RCW,
37 public garages storing automobiles, railroad freight sheds, docks and
38 wharves, and "self-storage" or "mini storage" facilities whereby
39 customers have direct access to individual storage areas by separate
40 entrance. "Storage warehouse" does not include a building or

1 structure, or that part of such building or structure, in which an
2 activity taxable under RCW 82.04.272 is conducted.

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

7 **Sec. 208.** RCW 82.32.790 and 2019 c 449 s 2 are each amended to
8 read as follows:

9 (1)(a) Section ((2)) 1, chapter 449, Laws of 2019, sections 510,
10 512, 514, 516, ((518)) 520, 522, and 524, chapter 37, Laws of 2017
11 3rd sp. sess., sections ((9)) 13, 17, 22, 24, 30, 32, and 45,
12 chapter 135, Laws of 2017, sections ((104)) 110, 117, 123, 125, 129,
13 131, and 150, chapter 114, Laws of 2010, and sections 1, 2, ((3))
14 and 5 through 10, chapter 149, Laws of 2003 are contingent upon the
15 siting and commercial operation of a significant semiconductor
16 microchip fabrication facility in the state of Washington by January
17 1, 2024.

18 (b) For the purposes of this section:

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

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

23 (iii) "Significant" means the combined investment of new
24 buildings and new machinery and equipment in the buildings, at the
25 commencement of commercial production, will be at least ((one billion
26 dollars)) \$1,000,000,000.

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

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

36 (b) If, after making a determination that a contract has been
37 signed and the sections referenced in subsection (1) of this section
38 are effective, the department discovers that commencement of
39 commercial production did not take place within three years of the

1 date the contract was signed, the department must make a
2 determination that chapter 149, Laws of 2003 is no longer effective,
3 and all taxes that would have been otherwise due are deemed deferred
4 taxes and are immediately assessed and payable from any person
5 reporting tax under RCW 82.04.240(2) or claiming an exemption or
6 credit under RCW 82.04.426, 82.04.448, 82.08.965, 82.12.965,
7 82.08.970, 82.12.970, or 84.36.645. The department is not authorized
8 to make a second determination regarding the effective date of the
9 sections referenced in subsection (1) of this section.

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

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

17 NEW SECTION. **Sec. 209.** 2017 3rd sp.s. c 37 s 518, 2017 c 135 s
18 9, 2010 c 114 s 104, & 2003 c 149 s 3 are each repealed.

19 NEW SECTION. **Sec. 210.** Sections 201 through 209 of this act
20 take effect October 1, 2022.

21 **PART III**

22 **REPEALING THE CAPITAL GAINS TAX**

23 NEW SECTION. **Sec. 301.** The following acts or parts of acts are
24 each repealed:

25 (1) RCW 82.87.010 (Findings—Intent—2021 c 196) and 2021 c 196 s
26 1;

27 (2) RCW 82.87.020 (Definitions) and 2021 c 196 s 4;

28 (3) RCW 82.87.030 (Distribution of revenues) and 2021 c 196 s 2;

29 (4) RCW 82.87.040 (Tax imposed—Long-term capital assets) and 2021
30 c 196 s 5;

31 (5) RCW 82.87.050 (Exemptions) and 2021 c 196 s 6;

32 (6) RCW 82.87.060 (Deductions) and 2021 c 196 s 7;

33 (7) RCW 82.87.070 (Qualified family-owned small business
34 deduction) and 2021 c 196 s 8;

35 (8) RCW 82.87.080 (Charitable donation deduction) and 2021 c 196
36 s 9;

- 1 (9) RCW 82.87.090 (Other taxes) and 2021 c 196 s 10;
2 (10) RCW 82.87.100 (Allocation of long-term capital gains and
3 losses—Credit) and 2021 c 196 s 11;
4 (11) RCW 82.87.110 (Filing of returns—Additional documentation—
5 Penalty) and 2021 c 196 s 12;
6 (12) RCW 82.87.120 (Joint filers—Separate filers—Tax liability)
7 and 2021 c 196 s 13;
8 (13) RCW 82.87.130 (Administration of taxes) and 2021 c 196 s 14;
9 (14) RCW 82.87.140 (Tax criminal penalties) and 2021 c 196 s 15;
10 (15) RCW 82.04.4497 (Credit—Sale or exchange of long-term capital
11 assets) and 2021 c 196 s 16;
12 (16) RCW 82.87.150 (Annual adjustments) and 2021 c 196 s 17;
13 (17) 2021 c 196 s 18 (uncodified); and
14 (18) 2021 c 196 s 20 (uncodified).

15 NEW SECTION. **Sec. 302.** Section 301 of this act applies
16 retroactively to January 1, 2022, as well as prospectively.

17 **PART IV**
18 **REPEALING THE LONG-TERM SERVICES AND SUPPORTS TRUST PROGRAM**

19 NEW SECTION. **Sec. 401.** The legislature finds that:

20 (1) In 2019, the legislature enacted the long-term services and
21 supports trust program, which authorized a fifty-eight hundredths of
22 one percent premium on employee wages beginning in January 2022 to
23 pay for long-term care benefits for qualified individuals beginning
24 in 2025.

25 (2) The state's constitution only permits treasury investments
26 which typically yield returns between two and three percent. However,
27 the solvency of the program was based on an actuarial model that
28 assumed over five percent investment returns.

29 (3) In 2020, the legislature passed a constitutional amendment
30 that would have allowed investment of the program's funds in vehicles
31 besides treasuries, including stocks and bonds. The amendment was
32 rejected by voters.

33 (4) The investment returns that the program is based on are
34 unattainable under current law and now the program has an unfunded
35 liability projected at \$15,000,000,000 in net present value. Benefit

1 cuts or further premium increases will be necessary to address the
2 program's solvency.

3 (5) In a 2019 advisory vote, voters rejected the program's
4 premium by over 67 percent. And in 2020, they rejected a funding
5 mechanism for the program.

6 NEW SECTION. **Sec. 402.** The following acts or parts of acts are
7 each repealed:

8 (1) RCW 50B.04.010 (Definitions) and 2021 c 113 s 1, 2020 c 98 s
9 1, & 2019 c 363 s 2;

10 (2) RCW 50B.04.020 (Duties—Health care authority, department of
11 social and health services, office of the state actuary, employment
12 security department) and 2021 c 113 s 2, 2020 c 98 s 2, & 2019 c 363
13 s 3;

14 (3) RCW 50B.04.030 (Long-term services and supports trust
15 commission—Investment strategy subcommittee) and 2021 c 113 s 3 &
16 2019 c 363 s 4;

17 (4) RCW 50B.04.040 (Long-term services and supports council—
18 Benefit unit adjustment) and 2019 c 363 s 5;

19 (5) RCW 50B.04.050 (Qualified individuals) and 2021 c 113 s 4,
20 2020 c 98 s 3, & 2019 c 363 s 6;

21 (6) RCW 50B.04.060 (Eligible beneficiaries—Determination—
22 Services and benefits) and 2019 c 363 s 7;

23 (7) RCW 50B.04.070 (Payment of benefits) and 2019 c 363 s 8;

24 (8) RCW 50B.04.080 (Premium assessment—Rate—Collection) and 2020
25 c 98 s 4 & 2019 c 363 s 9;

26 (9) RCW 50B.04.085 (Premium assessment—Exemptions) and 2021 c 113
27 s 5 & 2020 c 98 s 7;

28 (10) RCW 50B.04.090 (Election of coverage—Self-employed persons)
29 and 2021 c 113 s 6, 2020 c 98 s 5, & 2019 c 363 s 10;

30 (11) RCW 50B.04.095 (Election of coverage—Federally recognized
31 tribe) and 2021 c 113 s 7;

32 (12) RCW 50B.04.100 (Long-term services and supports trust
33 account) and 2019 c 363 s 11;

34 (13) RCW 50B.04.110 (Long-term services and supports trust
35 account—Investment—Policies) and 2019 c 363 s 12;

36 (14) RCW 50B.04.120 (Appeal of determinations) and 2020 c 98 s 6
37 & 2019 c 363 s 13;

- 1 (15) RCW 50B.04.130 (Medicare data and waiver—Report) and 2019 c
2 363 s 14;
3 (16) RCW 50B.04.140 (Reports to legislature) and 2019 c 363 s 15;
4 (17) RCW 50B.04.150 (Benefits not income or resource) and 2019 c
5 363 s 16;
6 (18) RCW 50B.04.160 (Entitlement not created) and 2019 c 363 s
7 17; and
8 (19) RCW 50B.04.900 (Findings—2019 c 363) and 2019 c 363 s 1.

9 NEW SECTION. **Sec. 403.** Section 402(8) of this act applies
10 retroactively to January 1, 2022, as well as prospectively.

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