

SB 5277 - S AMD 258

By Senator Hasegawa

NOT ADOPTED 03/31/2023

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** (1) This section is the tax preference
4 performance statement for the tax preferences contained in sections 2
5 through 5, chapter . . ., Laws of 2023 (sections 2 through 5 of this
6 act). This performance statement is only intended to be used for
7 subsequent evaluation of the tax preferences. It is not intended to
8 create a private right of action by any party or be used to determine
9 eligibility for preferential tax treatment.

10 (2) The legislature categorizes these tax preferences as ones
11 intended to create or retain jobs and provide tax relief for certain
12 businesses or individuals as indicated in RCW 82.32.808(2) (c) and
13 (e).

14 (3) It is the legislature's specific public policy objective to
15 create and retain jobs and continue providing tax relief to the food
16 processing industry.

17 (4) To measure the effectiveness of the deductions in sections 2
18 through 5 of this act in achieving the public policy objectives
19 described in subsection (3) of this section, the joint legislative
20 audit and review committee must evaluate the following:

21 (a) The number of businesses that claim the deductions in
22 sections 2 through 5 of this act;

23 (b) The change in total taxable income for taxpayers claiming the
24 deductions under sections 2 through 5 of this act;

25 (c) The change in total employment for taxpayers claiming the
26 deductions under sections 2 through 5 of this act; and

27 (d) For each calendar year, the total amount of deductions
28 claimed under sections 2 through 5 of this act as a percentage of
29 total taxable income for taxpayers within taxable income categories.

30 (5) The information provided in the annual report submitted by
31 the taxpayers under RCW 82.32.534, tax data collected by the
32 department of revenue, and data collected by the employment security

1 department is intended to provide the informational basis for the
2 evaluation under subsection (4) of this section.

3 (6) In addition to the data sources described under subsection
4 (5) of this section, the joint legislative audit and review committee
5 may use any other data it deems necessary in performing the
6 evaluation under subsection (4) of this section.

7 **Sec. 2.** RCW 82.04.4268 and 2020 c 139 s 6 are each amended to
8 read as follows:

9 (1) (a) In computing tax there may be deducted from the measure of
10 tax, the value of products or the gross proceeds of sales derived
11 from:

12 ~~((a))~~ (i) Manufacturing dairy products; or

13 ~~((b) Selling)~~ (ii) Except as provided otherwise in (b) of this
14 subsection, selling dairy products manufactured by the seller to
15 purchasers who either transport in the ordinary course of business
16 the goods out of this state or purchasers who use such dairy products
17 as an ingredient or component in the manufacturing of a dairy
18 product. A person taking ~~((an exemption))~~ a deduction under this
19 subsection (1) ~~((b))~~ (a) (ii) must keep and preserve records for the
20 period required by RCW 82.32.070 establishing that the goods were
21 transported by the purchaser in the ordinary course of business out
22 of this state or sold to a manufacturer for use as an ingredient or
23 component in the manufacturing of a dairy product.

24 (b) The deduction provided under (a) (ii) of this subsection does
25 not apply to the sales of dairy products on or after July 1, 2025,
26 where a dairy product is used by the purchaser as an ingredient or
27 component in the manufacturing in Washington of a dairy product.

28 (2) "Dairy products" has the same meaning as provided in RCW
29 82.04.260.

30 (3) A person claiming the ~~((exemption))~~ deduction provided in
31 this section must file a complete annual tax performance report with
32 the department under RCW 82.32.534.

33 (4) Beginning in calendar year 2024, the total amount a person
34 may claim under subsection (1) (a) of this section in any calendar
35 year may not exceed \$125,000,000. Amounts taxable under this chapter
36 based on the limitation in this subsection are subject to the tax
37 rate specified in RCW 82.04.260(1) (c).

38 (5) This section expires July 1, ((2025)) 2035.

1 **Sec. 3.** RCW 82.04.4266 and 2022 c 16 s 142 are each amended to
2 read as follows:

3 (1) (~~(This chapter does not apply to)~~) In computing tax there may
4 be deducted from the measure of tax, the value of products or the
5 gross proceeds of sales derived from:

6 (a) Manufacturing fruits or vegetables by canning, preserving,
7 freezing, processing, or dehydrating fresh fruits or vegetables; or

8 (b) Selling at wholesale fruits or vegetables manufactured by the
9 seller by canning, preserving, freezing, processing, or dehydrating
10 fresh fruits or vegetables and sold to purchasers who transport in
11 the ordinary course of business the goods out of this state. A person
12 taking (~~(an exemption)~~) a deduction under this subsection (1)(b) must
13 keep and preserve records for the period required by RCW 82.32.070
14 establishing that the goods were transported by the purchaser in the
15 ordinary course of business out of this state.

16 (2) For purposes of this section, "fruits" and "vegetables" do
17 not include cannabis, useable cannabis, or cannabis-infused products.

18 (3) A person claiming the (~~(exemption)~~) deduction provided in
19 this section must file a complete annual tax performance report with
20 the department under RCW 82.32.534.

21 (4) Beginning in calendar year 2024, the total amount a person
22 may claim under this section in any calendar year may not exceed
23 \$125,000,000. Amounts taxable under this chapter based on the
24 limitation in this subsection are subject to the tax rate specified
25 in RCW 82.04.260(1)(d).

26 (5) This section expires July 1, (~~(2025)~~) 2035.

27 **Sec. 4.** RCW 82.04.4269 and 2020 c 139 s 7 are each amended to
28 read as follows:

29 (1) (~~(This chapter does not apply to)~~) In computing tax there may
30 be deducted from the measure of tax, the value of products or the
31 gross proceeds of sales derived from:

32 (a) Manufacturing seafood products that remain in a raw, raw
33 frozen, or raw salted state at the completion of the manufacturing by
34 that person; or

35 (b) Selling manufactured seafood products that remain in a raw,
36 raw frozen, or raw salted state to purchasers who transport in the
37 ordinary course of business the goods out of this state. A person
38 taking (~~(an exemption)~~) a deduction under this subsection (1)(b) must
39 keep and preserve records for the period required by RCW 82.32.070

1 establishing that the goods were transported by the purchaser in the
2 ordinary course of business out of this state.

3 (2) A person claiming the (~~exemption~~) deduction provided in
4 this section must file a complete annual tax performance report with
5 the department under RCW 82.32.534.

6 (3) Beginning in calendar year 2024, the total amount a person
7 may claim under this section in any calendar year may not exceed
8 \$125,000,000. Amounts taxable under this chapter based on the
9 limitation in this subsection are subject to the tax rate specified
10 in RCW 82.04.260(1)(b).

11 (4) This section expires July 1, (~~2025~~) 2035.

12 **Sec. 5.** RCW 82.04.260 and 2022 c 16 s 140 are each amended to
13 read as follows:

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

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

22 (b) Beginning July 1, (~~2025~~) 2035, seafood products that remain
23 in a raw, raw frozen, or raw salted state at the completion of the
24 manufacturing by that person; or selling manufactured seafood
25 products that remain in a raw, raw frozen, or raw salted state at the
26 completion of the manufacturing, to purchasers who transport in the
27 ordinary course of business the goods out of this state; as to such
28 persons the amount of tax with respect to such business is equal to
29 the value of the products manufactured or the gross proceeds derived
30 from such sales, multiplied by the rate of 0.138 percent. Sellers
31 must keep and preserve records for the period required by RCW
32 82.32.070 establishing that the goods were transported by the
33 purchaser in the ordinary course of business out of this state;

34 (c) (i) Except as provided otherwise in (c) (iii) of this
35 subsection, (~~from~~) beginning July 1, (~~2025~~) 2035, until January
36 1, (~~2036~~) 2046, dairy products; or selling dairy products that the
37 person has manufactured to purchasers who either transport in the
38 ordinary course of business the goods out of state or purchasers who
39 use such dairy products as an ingredient or component in the

1 manufacturing of a dairy product; as to such persons the tax imposed
2 is equal to the value of the products manufactured or the gross
3 proceeds derived from such sales multiplied by the rate of 0.138
4 percent. Sellers must keep and preserve records for the period
5 required by RCW 82.32.070 establishing that the goods were
6 transported by the purchaser in the ordinary course of business out
7 of this state or sold to a manufacturer for use as an ingredient or
8 component in the manufacturing of a dairy product.

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

11 (A) Products, not including any cannabis-infused product, that as
12 of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts
13 131, 133, and 135, including by-products from the manufacturing of
14 the dairy products, such as whey and casein; and

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

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

23 (d)(i) Beginning July 1, (~~2025~~) 2035, fruits or vegetables by
24 canning, preserving, freezing, processing, or dehydrating fresh
25 fruits or vegetables, or selling at wholesale fruits or vegetables
26 manufactured by the seller by canning, preserving, freezing,
27 processing, or dehydrating fresh fruits or vegetables and sold to
28 purchasers who transport in the ordinary course of business the goods
29 out of this state; as to such persons the amount of tax with respect
30 to such business is equal to the value of the products manufactured
31 or the gross proceeds derived from such sales multiplied by the rate
32 of 0.138 percent. Sellers must keep and preserve records for the
33 period required by RCW 82.32.070 establishing that the goods were
34 transported by the purchaser in the ordinary course of business out
35 of this state.

36 (ii) For purposes of this subsection (1)(d), "fruits" and
37 "vegetables" do not include cannabis, useable cannabis, or cannabis-
38 infused products; and

39 (e) Wood biomass fuel; as to such persons the amount of tax with
40 respect to the business is equal to the value of wood biomass fuel

1 manufactured, multiplied by the rate of 0.138 percent. For the
2 purposes of this section, "wood biomass fuel" means a liquid or
3 gaseous fuel that is produced from lignocellulosic feedstocks,
4 including wood, forest, or field residue and dedicated energy crops,
5 and that does not include wood treated with chemical preservations
6 such as creosote, pentachlorophenol, or copper-chrome-arsenic.

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

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

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

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

28 (b) Upon every person engaging within this state in the business
29 of acting as a travel agent or tour operator and whose annual taxable
30 amount for the prior calendar year from such business was more than
31 (~~((two hundred fifty thousand dollars))~~) \$250,000; as to such persons
32 the amount of the tax with respect to such activities is equal to the
33 gross income derived from such activities multiplied by the rate of
34 0.275 percent through June 30, 2019, and 0.9 percent beginning July
35 1, 2019.

36 (6) Upon every person engaging within this state in business as
37 an international steamship agent, international customs house broker,
38 international freight forwarder, vessel and/or cargo charter broker
39 in foreign commerce, and/or international air cargo agent; as to such
40 persons the amount of the tax with respect to only international

1 activities is equal to the gross income derived from such activities
2 multiplied by the rate of 0.275 percent.

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

32 (8) (a) Upon every person engaging within this state in the
33 business of disposing of low-level waste, as defined in RCW
34 70A.380.010; as to such persons the amount of the tax with respect to
35 such business is equal to the gross income of the business, excluding
36 any fees imposed under chapter 70A.384 RCW, multiplied by the rate of
37 3.3 percent.

38 (b) If the gross income of the taxpayer is attributable to
39 activities both within and without this state, the gross income

1 attributable to this state must be determined in accordance with the
2 methods of apportionment required under RCW 82.04.460.

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

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

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

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

27 (ii) 0.2904 percent beginning July 1, 2007, through March 31,
28 2020; and

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

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

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

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

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

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

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

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

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

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

33 (e)(i) After March 31, 2021, the tax rates under (a)(iii) and
34 (b)(ii) of this subsection (11) must be reduced to 0.357 percent
35 provided the conditions in RCW 82.04.2602 are met. The effective date
36 of the rates authorized under this subsection (11)(e) must occur on
37 the first day of the next calendar quarter that is at least (~~sixty~~)
38 60 days after the department receives the last of the two written
39 notices pursuant to RCW 82.04.2602 (3) and (4).

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

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

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

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

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

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

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

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

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

33 (e) For purposes of this subsection, the following definitions
34 apply:

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

39 (ii) "Paper and paper products" means products made of interwoven
40 cellulosic fibers held together largely by hydrogen bonding. "Paper

1 and paper products" includes newsprint; office, printing, fine, and
2 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
3 kraft bag, construction, and other kraft industrial papers;
4 paperboard, liquid packaging containers, containerboard, corrugated,
5 and solid-fiber containers including linerboard and corrugated
6 medium; and related types of cellulosic products containing
7 primarily, by weight or volume, cellulosic materials. "Paper and
8 paper products" does not include books, newspapers, magazines,
9 periodicals, and other printed publications, advertising materials,
10 calendars, and similar types of printed materials.

11 (iii) "Recycled paper" means paper and paper products having
12 (~~(fifty)~~) 50 percent or more of their fiber content that comes from
13 postconsumer waste. For purposes of this subsection (12)(e)(iii),
14 "postconsumer waste" means a finished material that would normally be
15 disposed of as solid waste, having completed its life cycle as a
16 consumer item.

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

21 (v) "Timber products" means:

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

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

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

29 (vi) "Wood products" means paper and paper products; dimensional
30 lumber; engineered wood products such as particleboard, oriented
31 strand board, medium density fiberboard, and plywood; wood doors;
32 wood windows; and biocomposite surface products.

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

37 (g) Nothing in this subsection (12) may be construed to affect
38 the taxation of any activity defined as a retail sale in RCW
39 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW
40 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

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

6 (14)(a) Upon every person engaging within this state in the
7 business of printing a newspaper, publishing a newspaper, or both,
8 the amount of tax on such business is equal to the gross income of
9 the business multiplied by the rate of 0.35 percent until July 1,
10 2024, and 0.484 percent thereafter.

11 (b) A person reporting under the tax rate provided in this
12 subsection (14) must file a complete annual tax performance report
13 with the department under RCW 82.32.534."

SB 5277 - S AMD 258
By Senator Hasegawa

NOT ADOPTED 03/31/2023

14 On page 1, line 2 of the title, after "processors;" strike the
15 remainder of the title and insert "amending RCW 82.04.4268,
16 82.04.4266, 82.04.4269, and 82.04.260; creating a new section; and
17 providing expiration dates."

EFFECT: Changes the dairy, fruit and vegetable, and seafood processing B&O tax exemptions to deductions. Limits the total amount a business may deduct each year to \$125 million. Specifies that the preferential tax rate of 0.138 percent applies to amounts subject to B&O tax due to the deduction limit.

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