
SENATE BILL 5199

State of Washington

68th Legislature

2023 Regular Session

By Senators Mullet, Conway, Dozier, Holy, Keiser, Lovelett, Nguyen, Shewmake, and Valdez; by request of Attorney General

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1 AN ACT Relating to tax relief for newspaper publishers; amending
2 RCW 82.04.260, 35.102.150, 82.04.460, and 82.08.806; adding a new
3 section to chapter 82.04 RCW; creating new sections; providing an
4 effective date; and providing an expiration date.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that Washington
7 state's local newspapers and online digital news publishers are
8 important providers of journalism in their communities. Across the
9 state and the country, local newspapers are vanishing at an alarming
10 rate.

11 Since the advent of the internet, Washington state newspapers,
12 large and small, have experienced severe financial losses that caused
13 layoffs and reduced journalistic capacity. Between 2005 and 2020,
14 Washington state newspapers lost 67 percent of their newsroom
15 employees. Many print media organizations operate at a deficit due to
16 disruption of traditional revenue streams and even the surviving
17 legacy news organizations are cutting staff and circulation.
18 Washington state has lost more than two dozen weeklies and three
19 dailies since 2004. The decline of these journalistic institutions
20 represents a threat to democracy, government accountability, and
21 civic engagement.

1 A Portland State University study found that the loss of local
2 journalism is correlated to a decline in civic engagement, both
3 nationally and in Washington state, which includes contacting a
4 public office to express an opinion, participating in school groups,
5 community associations, or civic organizations, and serving on a
6 committee of any group or organization.

7 The legislature finds that local journalism can help keep watch
8 over health trends in the community by identifying and preventing
9 disease. The legislature finds that rural and underserved communities
10 are the hardest hit in the area of public health when newspapers
11 decline.

12 The legislature finds that local journalism helps combat
13 government corruption and holds powerful institutions accountable.
14 Studies have revealed a correlation between the loss of local
15 journalism and higher taxes.

16 The legislature finds that community-focused online digital
17 publishers provide a vital service to geographically remote and
18 ethnically diverse communities by producing timely, community-focused
19 information in an accessible format. Furthermore, local print and
20 digital news sources are often the most accurate and accessible
21 sources of news and community discourse.

22 Without legislative action, the current business and occupation
23 tax preference for newspaper publishers will expire on July 1, 2024.
24 By increasing this tax benefit and expanding eligibility to online
25 publishers, the legislature intends to protect local newspapers and
26 the multitude of benefits their services provide to enrich civic
27 life, ensure accountability, and protect our state's democratic
28 systems.

29 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04
30 RCW to read as follows:

31 (1) In computing the taxes imposed under this chapter, a person
32 may deduct from the measure of tax amounts received for engaging in
33 any of the following activities:

- 34 (a) Printing a newspaper, publishing a newspaper, or both; and
35 (b) Publishing eligible digital content, but only if the person's
36 primary business activity is creating and publishing eligible digital
37 content.

38 (2) In cases where a publisher charges a single, nonvariable
39 amount to advertise in, subscribe to, or access content in both a

1 publication identified in subsection (1) of this section and another
2 type of publication, the entire amount of such charge is deductible
3 under this section.

4 (3) A person claiming a deduction under this section must include
5 the deductible amount in its gross income reported on its excise tax
6 return.

7 (4)(a) For purposes of this section, "eligible digital content"
8 means a publication that:

9 (i) Is published at regularly stated intervals at least once
10 every three months;

11 (ii) Has at least two but no more than 50 employees, at least one
12 of whom creates content for the publication;

13 (iii) Primarily features written content, the largest category of
14 which contains material that identifies the author or the original
15 source of the material; and

16 (iv) Is made available to readers primarily or exclusively in an
17 electronic format.

18 (b) "Eligible digital content" does not include digital content
19 created by a radio or television broadcaster as defined in RCW
20 82.08.0208.

21 (5) This section expires January 1, 2035.

22 **Sec. 3.** RCW 82.04.260 and 2022 c 16 s 140 are each amended to
23 read as follows:

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

26 (a) Wheat into flour, barley into pearl barley, soybeans into
27 soybean oil, canola into canola oil, canola meal, or canola by-
28 products, or sunflower seeds into sunflower oil; as to such persons
29 the amount of tax with respect to such business is equal to the value
30 of the flour, pearl barley, oil, canola meal, or canola by-product
31 manufactured, multiplied by the rate of 0.138 percent;

32 (b) Beginning July 1, 2025, seafood products that remain in a
33 raw, raw frozen, or raw salted state at the completion of the
34 manufacturing by that person; or selling manufactured seafood
35 products that remain in a raw, raw frozen, or raw salted state at the
36 completion of the manufacturing, to purchasers who transport in the
37 ordinary course of business the goods out of this state; as to such
38 persons the amount of tax with respect to such business is equal to
39 the value of the products manufactured or the gross proceeds derived

1 from such sales, multiplied by the rate of 0.138 percent. Sellers
2 must keep and preserve records for the period required by RCW
3 82.32.070 establishing that the goods were transported by the
4 purchaser in the ordinary course of business out of this state;

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

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

21 (A) Products, not including any cannabis-infused product, that as
22 of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts
23 131, 133, and 135, including by-products from the manufacturing of
24 the dairy products, such as whey and casein; and

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

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

33 (d) (i) Beginning July 1, 2025, fruits or vegetables by canning,
34 preserving, freezing, processing, or dehydrating fresh fruits or
35 vegetables, or selling at wholesale fruits or vegetables manufactured
36 by the seller by canning, preserving, freezing, processing, or
37 dehydrating fresh fruits or vegetables and sold to purchasers who
38 transport in the ordinary course of business the goods out of this
39 state; as to such persons the amount of tax with respect to such
40 business is equal to the value of the products manufactured or the

1 gross proceeds derived from such sales multiplied by the rate of
2 0.138 percent. Sellers must keep and preserve records for the period
3 required by RCW 82.32.070 establishing that the goods were
4 transported by the purchaser in the ordinary course of business out
5 of this state.

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

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

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

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

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

31 (5)(a) Upon every person engaging within this state in the
32 business of acting as a travel agent or tour operator and whose
33 annual taxable amount for the prior calendar year from such business
34 was two hundred fifty thousand dollars or less; as to such persons
35 the amount of the tax with respect to such activities is equal to the
36 gross income derived from such activities multiplied by the rate of
37 0.275 percent.

38 (b) Upon every person engaging within this state in the business
39 of acting as a travel agent or tour operator and whose annual taxable
40 amount for the prior calendar year from such business was more than

1 two hundred fifty thousand dollars; as to such persons the amount of
2 the tax with respect to such activities is equal to the gross income
3 derived from such activities multiplied by the rate of 0.275 percent
4 through June 30, 2019, and 0.9 percent beginning July 1, 2019.

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

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

1 (8) (a) Upon every person engaging within this state in the
2 business of disposing of low-level waste, as defined in RCW
3 70A.380.010; as to such persons the amount of the tax with respect to
4 such business is equal to the gross income of the business, excluding
5 any fees imposed under chapter 70A.384 RCW, multiplied by the rate of
6 3.3 percent.

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

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

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

24 (11) (a) Beginning October 1, 2005, upon every person engaging
25 within this state in the business of manufacturing commercial
26 airplanes, or components of such airplanes, or making sales, at
27 retail or wholesale, of commercial airplanes or components of such
28 airplanes, manufactured by the seller, as to such persons the amount
29 of tax with respect to such business is, in the case of
30 manufacturers, equal to the value of the product manufactured and the
31 gross proceeds of sales of the product manufactured, or in the case
32 of processors for hire, equal to the gross income of the business,
33 multiplied by the rate of:

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

35 (ii) 0.2904 percent beginning July 1, 2007, through March 31,
36 2020; and

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

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

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

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

15 (A) The rate under RCW 82.04.250(1) on the business of making
16 retail sales of tooling specifically designed for use in
17 manufacturing commercial airplanes or components of such airplanes;
18 and

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

21 (c) For the purposes of this subsection (11), "commercial
22 airplane" and "component" have the same meanings as provided in RCW
23 82.32.550.

24 (d)(i) In addition to all other requirements under this title, a
25 person reporting under the tax rate provided in this subsection (11)
26 must file a complete annual tax performance report with the
27 department under RCW 82.32.534. However, this requirement does not
28 apply to persons reporting under the tax rate in (a)(iii) of this
29 subsection (11), so long as that rate remains 0.484 percent, or under
30 any of the tax rates in (b)(ii)(A) and (B) of this subsection (11),
31 so long as those tax rates remain the rate imposed pursuant to RCW
32 82.04.250(1) and 0.484 percent, respectively.

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

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

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

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

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

20 (ii) With respect to the manufacturing of commercial airplanes or
21 making sales, at retail or wholesale, of commercial airplanes, this
22 subsection (11) does not apply on and after July 1st of the year in
23 which the department makes a determination that any final assembly or
24 wing assembly of any version or variant of a commercial airplane that
25 is the basis of a siting of a significant commercial airplane
26 manufacturing program in the state under RCW 82.32.850 has been sited
27 outside the state of Washington. This subsection (11)(f)(ii) only
28 applies to the manufacturing or sale of commercial airplanes that are
29 the basis of a siting of a significant commercial airplane
30 manufacturing program in the state under RCW 82.32.850. This
31 subsection (11)(f)(ii) continues to apply during the time that a
32 person is subject to the tax rate in (a)(iii) of this subsection
33 (11).

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

38 (12)(a) Until July 1, 2045, upon every person engaging within
39 this state in the business of extracting timber or extracting for
40 hire timber; as to such persons the amount of tax with respect to the

1 business is, in the case of extractors, equal to the value of
2 products, including by-products, extracted, or in the case of
3 extractors for hire, equal to the gross income of the business,
4 multiplied by the rate of 0.4235 percent from July 1, 2006, through
5 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
6 2045.

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

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

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 months from the date of
36 the original contract, regardless of the method of payment for the
37 timber and whether title to the timber transfers before, upon, or
38 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 percent
3 recycled paper and that also use nonpetroleum-based phenolic resin as
4 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. 4.** RCW 35.102.150 and 2011 c 174 s 201 are each amended to
21 read as follows:

22 Notwithstanding RCW 35.102.130, a city that imposes a business
23 and occupation tax must allocate a person's gross income from the
24 activities of printing, and of publishing newspapers, periodicals, or
25 magazines, to the principal place in this state from which the
26 taxpayer's business is directed or managed. As used in this section,
27 the activities of printing, and of publishing newspapers,
28 periodicals, or magazines are those activities to which the deduction
29 in section 2 of this act and the tax rate((s)) in RCW ((82.04.260(13)-
30 and)) 82.04.280(1)(a) apply.

31 **Sec. 5.** RCW 82.04.460 and 2014 c 97 s 304 are each amended to
32 read as follows:

33 (1) Except as otherwise provided in this section, any person
34 earning apportionable income taxable under this chapter and also
35 taxable in another state must, for the purpose of computing tax
36 liability under this chapter, apportion to this state, in accordance
37 with RCW 82.04.462, that portion of the person's apportionable income
38 derived from business activities performed within this state.

1 (2) The department must by rule provide a method of apportioning
2 the apportionable income of financial institutions, where such
3 apportionable income is taxable under RCW 82.04.290. The rule adopted
4 by the department must, to the extent feasible, be consistent with
5 the multistate tax commission's recommended formula for the
6 apportionment and allocation of net income of financial institutions
7 as existing on June 1, 2010, or such subsequent date as may be
8 provided by the department by rule, consistent with the purposes of
9 this section, except that:

10 (a) The department's rule must provide for a single factor
11 apportionment method based on the receipts factor; and

12 (b) The definition of "financial institution" contained in
13 appendix A to the multistate tax commission's recommended formula for
14 the apportionment and allocation of net income of financial
15 institutions is advisory only.

16 (3) The department may by rule provide a method or methods of
17 apportioning or allocating gross income derived from sales of
18 telecommunications service and competitive telephone service taxed
19 under this chapter, if the gross proceeds of sales subject to tax
20 under this chapter do not fairly represent the extent of the
21 taxpayer's income attributable to this state. The rule must provide
22 for an equitable and constitutionally permissible division of the tax
23 base.

24 (4) For purposes of this section, the following definitions apply
25 unless the context clearly requires otherwise:

26 (a) "Apportionable income" means gross income of the business
27 generated from engaging in apportionable activities, including income
28 received from apportionable activities performed outside this state
29 if the income would be taxable under this chapter if received from
30 activities in this state, less the exemptions and deductions
31 allowable under this chapter. For purposes of this subsection,
32 "apportionable activities" means only those activities taxed under:

- 33 (i) RCW 82.04.255;
- 34 (ii) RCW 82.04.260 (3), (5), (6), (7), (8), (9), (10), and (13);
- 35 (iii) RCW 82.04.280(1)(e);
- 36 (iv) RCW 82.04.285;
- 37 (v) RCW 82.04.286;
- 38 (vi) RCW 82.04.290;
- 39 (vii) RCW 82.04.2907;
- 40 (viii) RCW 82.04.2908;

1 (ix) RCW 82.04.263, but only to the extent of any activity that
2 would be taxable under any of the provisions enumerated under (a)(i)
3 through (viii) of this subsection (4) if the tax classification in
4 RCW 82.04.263 did not exist; and

5 (x) RCW (~~82.04.260(14)~~ and) 82.04.280(1)(a) or deductible under
6 section 2 of this act, but only with respect to advertising.

7 (b)(i) "Taxable in another state" means that the taxpayer is
8 subject to a business activities tax by another state on its income
9 received from engaging in apportionable activities; or the taxpayer
10 is not subject to a business activities tax by another state on its
11 income received from engaging in apportionable activities, but any
12 other state has jurisdiction to subject the taxpayer to a business
13 activities tax on such income under the substantial nexus standards
14 in RCW 82.04.067(1).

15 (ii) For purposes of this subsection (4)(b), "business activities
16 tax" and "state" have the same meaning as in RCW 82.04.462.

17 **Sec. 6.** RCW 82.08.806 and 2020 c 139 s 16 are each amended to
18 read as follows:

19 (1) The tax levied by RCW 82.08.020 does not apply to sales, to a
20 printer or publisher, of computer equipment, including repair parts
21 and replacement parts for such equipment, when the computer equipment
22 is used primarily in the printing or publishing of any printed
23 material, or to sales of or charges made for labor and services
24 rendered in respect to installing, repairing, cleaning, altering, or
25 improving the computer equipment. This exemption applies only to
26 computer equipment not otherwise exempt under RCW 82.08.02565.

27 (2) A person taking the exemption under this section must keep
28 records necessary for the department to verify eligibility under this
29 section. This exemption is available only when the purchaser provides
30 the seller with an exemption certificate in a form and manner
31 prescribed by the department. The seller must retain a copy of the
32 certificate for the seller's files.

33 (3) The definitions in this subsection (3) apply throughout this
34 section, unless the context clearly requires otherwise.

35 (a) "Computer" has the same meaning as in RCW 82.04.215.

36 (b) "Computer equipment" means a computer and the associated
37 physical components that constitute a computer system, including
38 monitors, keyboards, printers, modems, scanners, pointing devices,
39 and other computer peripheral equipment, cables, servers, and

1 routers. "Computer equipment" also includes digital cameras and
2 computer software.

3 (c) "Computer software" has the same meaning as in RCW 82.04.215.

4 (d) "Primarily" means greater than fifty percent as measured by
5 time.

6 (e) "Printer or publisher" means a person, as defined in RCW
7 82.04.030, who is subject to tax under RCW (~~(82.04.260(14) or~~)
8 82.04.280(1) (a) or is eligible to claim the deduction under section 2
9 of this act.

10 (4) "Computer equipment" does not include computer equipment that
11 is used primarily for administrative purposes including but not
12 limited to payroll processing, accounting, customer service,
13 telemarketing, and collection. If computer equipment is used
14 simultaneously for administrative and nonadministrative purposes, the
15 administrative use must be disregarded during the period of
16 simultaneous use for purposes of determining whether the computer
17 equipment is used primarily for administrative purposes.

18 NEW SECTION. **Sec. 7.** (1) This section is the tax preference
19 performance statement for the tax preference contained in section 2,
20 chapter . . ., Laws of 2023 (section 2 of this act). This performance
21 statement is only intended to be used for subsequent evaluation of
22 the tax preference. It is not intended to create a private right of
23 action by any party or to be used to determine eligibility for
24 preferential tax treatment.

25 (2) The legislature categorizes this tax preference as one
26 intended to provide tax relief for certain businesses or individuals
27 and to create or retain jobs, as indicated in RCW 82.32.808(2) (c)
28 and (e).

29 (3) It is the legislature's specific public policy objective to
30 protect and support local journalism.

31 (4) If a review finds that the tax preference accomplishes its
32 goal of supporting local journalism across the state, measured by
33 retaining 75 percent of the journalism jobs, local newspapers, and
34 community-focused online news outlets based in Washington as of
35 December 31, 2022, or if a review finds that the tax preference
36 enables locally based journalism outlets to continue to exist when
37 compared to states that did not provide similar tax incentives, then
38 the legislature intends to extend the expiration date of this tax
39 preference.

1 (5) In order to obtain the data necessary to perform the review
2 in subsection (4) of this section, the joint legislative audit and
3 review committee may refer to any data collected by the state.

4 NEW SECTION. **Sec. 8.** This act takes effect January 1, 2024.

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