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HOUSE BILL 2208

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State of Washington                      52nd Legislature    1991 1st Special Session

By Representatives Valle, Wang, Nelson, Cole, R. King, Locke, Prentice, Leonard, Hargrove, R. Fisher, Brekke, Anderson and H. Sommers.

Read first time June 11, 1991. Referred to Committee on Revenue.

1            AN ACT Relating to revenue and taxation; amending RCW 82.03.130,  
2 82.03.140, 82.03.180, and 82.08.020; adding a new title to the Revised  
3 Code of Washington, to be numbered Title 82A RCW; creating a new  
4 section; prescribing penalties; providing for submission of this act to  
5 a vote of the people; and providing a contingent effective date.

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

7            NEW SECTION.    **Sec. 1.**    DEFINITIONS.    Unless the context clearly  
8 requires otherwise, the definitions in this section apply throughout  
9 this title:

10            (1) "Corporation" means a person taxable as a corporation under the  
11 Internal Revenue Code, including a corporation electing to be taxed  
12 under subchapter S of chapter 1 of the Internal Revenue Code.

13            (2) "Department" means the state department of revenue.

14            (3) "Gross income" means all income from whatever source derived,  
15 including but not limited to the following items:

- 1 (a) Compensation for services, including fees, commissions, and  
2 similar items;
- 3 (b) Gross income derived from business;
- 4 (c) Gains derived from dealings in property;
- 5 (d) Interest;
- 6 (e) Rents;
- 7 (f) Royalties;
- 8 (g) Dividends;
- 9 (h) Alimony and separate maintenance payments;
- 10 (i) Annuities;
- 11 (j) Income from life insurance and endowment contracts;
- 12 (k) Pensions;
- 13 (l) Income from discharge of indebtedness;
- 14 (m) Distributive share of partnership gross income;
- 15 (n) Income in respect of a decedent; and
- 16 (o) Income from an interest in an estate or trust.
- 17 (4) "Individual" means a natural person.
- 18 (5) "Internal Revenue Code" means the United States Internal  
19 Revenue Code of 1954 and amendments thereto, as existing on January 1,  
20 1987.
- 21 (6) "Person" includes individuals, corporations, partnerships,  
22 firms, companies, fiduciaries, and any other group or combination  
23 acting as a unit.
- 24 (7) "Resident" includes:
- 25 (a) An individual who is domiciled in this state unless the  
26 individual maintains no permanent place of abode in this state and does  
27 maintain a permanent place of abode elsewhere and spends in the  
28 aggregate not more than thirty days of the taxable year in this state;  
29 or who is not domiciled in this state but maintains a permanent place

1 of abode in this state and spends in the aggregate more than one  
2 hundred eighty-three days of the taxable year in this state;

3 (b) The estate of a decedent who at the time of death was domiciled  
4 in this state;

5 (c) A trust created by a will of a decedent who at the time of  
6 death was domiciled in this state; and

7 (d) An irrevocable trust, the grantor of which was domiciled in  
8 this state at the time the trust became irrevocable. For purposes of  
9 this subsection (7)(d), a trust is irrevocable to the extent that the  
10 grantor is not treated as the owner thereof under sections 671 through  
11 679 of the Internal Revenue Code.

12 (8) "Taxable income" means gross income as modified under section  
13 3 of this act.

14 (9) "Taxable year" means the taxpayer's taxable year as defined  
15 under the Internal Revenue Code.

16 (10) "Taxpayer" means a person receiving income subject to tax  
17 under this title.

18 NEW SECTION. **Sec. 2.** TAX IMPOSED. (1) A tax is imposed at the  
19 rate of one percent on all taxable income received by individuals,  
20 estates, trusts, and corporations.

21 (2) Moneys collected under this chapter shall be deposited in the  
22 basic education account created in section 19 of this act.

23 NEW SECTION. **Sec. 3.** TAXABLE INCOME MODIFICATIONS. In computing  
24 taxable income, the following modifications shall be made to the  
25 taxpayer's gross income:

26 (1) Deduct twelve thousand dollars for individual returns, and  
27 eighteen thousand dollars for joint returns.

1 (2) Deduct income derived from obligations of the United States  
2 that this state is prohibited by federal law from subjecting to an  
3 income tax.

4 (3) Deduct amounts that are allowed under the Internal Revenue Code  
5 as ordinary and necessary expenses paid or incurred during the taxable  
6 year in carrying on any trade or business.

7 (4) Deduct amounts that are allowed under the Internal Revenue Code  
8 as ordinary and necessary expenses paid or incurred during the taxable  
9 year for the production or collection of income, or for the management,  
10 conservation, or maintenance of property held for the production of  
11 income.

12 (5) Allocate and apportion income as required in section 5 of this  
13 act.

14 NEW SECTION. **Sec. 4.** PARTNERSHIPS. (1) Partnerships are not  
15 subject to tax under this title. Partners are subject to tax in their  
16 separate or individual capacities.

17 (2) The taxable incomes of partners shall be computed by including  
18 a share of the modifications under section 3 of this act if the  
19 modification relates to the income of the partnership. Each partner's  
20 share of a modification is the amount of modification multiplied by a  
21 fraction. The numerator of the fraction is the partner's distributive  
22 share of partnership income. The denominator of the fraction is the  
23 total partnership income. The fraction shall never be greater than  
24 one.

25 NEW SECTION. **Sec. 5.** APPORTIONMENT AND ALLOCATION OF INCOME. (1)  
26 For resident individuals and corporations other than financial  
27 organizations or public utilities, all income shall be apportioned and

1 allocated to this state except income that is apportioned or allocated  
2 to another state under RCW 82.56.010.

3 (2) For nonresident individuals, all income shall be apportioned  
4 and allocated to this state if it is not apportioned or allocated to  
5 another state under RCW 82.56.010 and is received:

6 (a) For the rendition of personal services in this state;

7 (b) As a result of the ownership or disposition of any interest in  
8 real or tangible personal property in this state; or

9 (c) As a share of the income of any unincorporated activities  
10 conducted in this state.

11 (3) For financial organizations and public utilities, the  
12 department shall promulgate rules under which the extent of the  
13 taxpayer's income attributable to this state may be fairly determined  
14 and apportioned and allocated to this state. As used in this  
15 subsection, "financial organization" and "public utility" have the  
16 meanings given in section 1 of Article IV of RCW 82.56.010.

17 NEW SECTION. **Sec. 6.** TAX RETURNS FOR FRACTIONAL YEAR. If the  
18 first taxable year of any taxpayer with respect to which a tax is  
19 imposed by this title ends before December 31st of the calendar year in  
20 which this title becomes effective (referred to in this section as a  
21 fractional taxable year), the taxable income for the fractional taxable  
22 year shall be the taxpayer's taxable income for the entire taxable  
23 year, adjusted by one of the following methods, at the taxpayer's  
24 election:

25 (1) The taxable income shall be multiplied by a fraction. The  
26 numerator of the fraction is the number of days in the fractional  
27 taxable year. The denominator of the fraction is the number of days in  
28 the entire taxable year.

1 (2) The taxable income shall be adjusted, in accordance with rules  
2 of the department, so as to include only such income and be reduced  
3 only by such deductions as can be clearly determined from the permanent  
4 records of the taxpayer to be attributable to the fractional taxable  
5 year.

6 NEW SECTION. **Sec. 7.** EMPLOYER WITHHOLDING--REQUIREMENTS. (1)  
7 Every employer making a payment of wages or salaries earned in this  
8 state, regardless of the place where the payment is made, shall deduct  
9 and withhold a tax as prescribed in tables adopted by the department by  
10 rule. The tables shall reasonably reflect the annual tax liability of  
11 the employee under this title. Every employer making such a deduction  
12 and withholding shall furnish to the employee a record of the amount of  
13 tax deducted and withheld from the employee on forms provided by the  
14 department.

15 (2) If the employee is a resident of this state and earns income  
16 from personal services entirely performed in another state that imposes  
17 an income tax on the income, and the employer withholds income taxes  
18 under the laws of the state in which the income is earned, the employer  
19 is not required to withhold any tax imposed by this title on the income  
20 if the laws of the state in which the income is earned allow a similar  
21 exemption for its residents who earn income in this state.

22 NEW SECTION. **Sec. 8.** LIABILITY OF EMPLOYER FOR TAX WITHHELD. Any  
23 person required to deduct and withhold the tax imposed by this title is  
24 liable for the payment of the amount deducted and withheld to the  
25 department, and is not liable to any other person for the amount of tax  
26 deducted and withheld under this title. The amount of tax so deducted  
27 and withheld shall be held to be a special fund in trust for this  
28 state.

1        NEW SECTION.    **Sec. 9.**    WITHHOLDING BY GOVERNMENTAL ENTITY.    If the  
2 employer is the United States or this state or any political  
3 subdivision thereof, or an agency or instrumentality of any one or more  
4 of the foregoing, then the return of the amount deducted and withheld  
5 upon any wages or salaries may be made by any officer of the employer  
6 having control of the payment of the wages and salaries or  
7 appropriately designated for that purpose.

8        NEW SECTION.    **Sec. 10.**    CREDIT FOR TAX WITHHELD--HOW CLAIMED.    The  
9 amount deducted and withheld as tax under sections 7 through 9 of this  
10 act during any taxable year shall be allowed as a credit against the  
11 tax imposed for the taxable year by this title.    If the tax liability  
12 of any individual shown by the return is less than the total amount of  
13 the credit that the individual is entitled to claim under this section,  
14 the individual is entitled to a refund in the amount of the excess of  
15 the credit over the tax otherwise due.    If any individual entitled to  
16 claim a credit under this section is not otherwise required by this  
17 title to file a return, a refund may be obtained in the amount of the  
18 credit by filing a return, with applicable sections completed, to claim  
19 the refund.    No credit or refund is allowed under this section unless  
20 the credit or refund is claimed on a return filed for the taxable year  
21 for which the amount was deducted and withheld.

22        NEW SECTION.    **Sec. 11.**    METHOD OF ACCOUNTING.    (1) A taxpayer's  
23 method of accounting for purposes of the tax imposed under this title  
24 shall be the same as the taxpayer's method of accounting for federal  
25 income tax purposes.    If no method of accounting has been regularly  
26 used by a taxpayer for federal income tax purposes, tax due under this  
27 title shall be computed by a method of accounting that in the opinion  
28 of the department fairly reflects income.

1 (2) If a person's method of accounting is changed for federal  
2 income tax purposes, it shall be similarly changed for purposes of this  
3 title.

4 NEW SECTION. **Sec. 12.** RECORDS--RETURNS. (1) Every taxpayer and  
5 every person required to collect the tax imposed under this title shall  
6 keep records, render statements, make returns, file reports, and  
7 perform other acts, as the department requires by rule. Each return  
8 shall be made under penalty of perjury and on forms prescribed by the  
9 department. The department may require other statements and reports be  
10 made under penalty of perjury and on forms prescribed by the  
11 department. The department may require any taxpayer and any person  
12 required to collect the tax imposed under this title to furnish to the  
13 department a correct copy of any return or document that the taxpayer  
14 has filed with the internal revenue service or received from the  
15 internal revenue service.

16 (2) All books and records and other papers and documents required  
17 to be kept under this title are subject to inspection by the department  
18 at all times during business hours of the day.

19 NEW SECTION. **Sec. 13.** COMBINED REPORTING--ADMINISTRATIVE  
20 ADJUSTMENTS. (1) If a corporation required to report under this title  
21 owns or controls, either directly or indirectly, another corporation or  
22 corporations except foreign corporations, or if a corporation required  
23 to report under this title is owned or controlled, either directly or  
24 indirectly, by another corporation except a foreign corporation, the  
25 department may require a combined or consolidated report showing the  
26 combined taxable income and apportionment factors of the controlled  
27 group, excluding foreign corporations, and any other information it  
28 deems necessary to ascertain the taxable income of the corporations.

1 The department may, in such manner as it may determine, assess the tax  
2 against the corporations that are required to report under this title  
3 and whose taxable income is involved in the report upon the basis of  
4 the combined entire taxable income; or it may adjust the tax in such  
5 other manner as it determines to be equitable if it determines the  
6 adjustment is necessary to prevent evasion of taxes or to reflect the  
7 income earned by the corporations from business done in this state.  
8 Direct or indirect ownership or control of more than fifty percent of  
9 the voting stock of a corporation constitutes ownership or control for  
10 purposes of this section.

11 (2) If two or more organizations, trades, or businesses (whether or  
12 not incorporated, whether or not organized in or having income from  
13 sources allocable to this state, and whether or not affiliated) are  
14 owned or controlled directly or indirectly by the same interests, the  
15 department may distribute, apportion, or allocate income, deductions,  
16 credits, exemptions, or allowances between or among the organizations,  
17 trades, or businesses if it determines that the distribution,  
18 apportionment, or allocation is necessary to prevent evasion of the tax  
19 imposed by this title.

20 NEW SECTION. **Sec. 14.** SERVICE OF PROCESS. (1) Any person who  
21 incurs tax liability under this title and who removes from this state  
22 or conceals his or her whereabouts shall be considered to appoint the  
23 secretary of state of this state as the person's agent for service of  
24 process or notice in any judicial or administrative proceeding under  
25 this title. This process or notice shall be served by the department  
26 on the secretary of state by leaving at the office of the secretary of  
27 state, at least fifteen days before the return day of the process or  
28 notice, a certified copy thereof and by sending to the person, by  
29 registered or certified mail, a certified copy with an endorsement

1 thereon of the service upon the secretary of state, addressed to the  
2 person at the person's last known address.

3 (2) Service of process or notice in the manner and under the  
4 circumstances provided in this section is of the same force and  
5 validity as if served upon the person personally within this state.  
6 Proof of this service may be made in any judicial or administrative  
7 proceeding by the affidavit of the authorized agent of the department  
8 who made the service, with a copy of the process or notice that was so  
9 served attached to the affidavit.

10 NEW SECTION. **Sec. 15.** PROVISIONS OF INTERNAL REVENUE CODE

11 CONTROL. (1) To the extent possible, without being inconsistent with  
12 this title, all of the provisions of the Internal Revenue Code relating  
13 to the following subjects apply to the taxes imposed under this title:

14 (a) Time and manner of payment of tax imposed under this title,  
15 including tax withheld under sections 7 through 9 of this act.

16 (b) Periods of limitation upon assessment and collection of taxes.  
17 However, if a taxpayer fails to report a change or correction  
18 increasing his or her federal gross income, or fails to report a change  
19 or correction that is treated as if it were a deficiency for federal  
20 income tax purposes, an assessment may be made at any time within one  
21 year of the date on which the department first learns of the change or  
22 correction.

23 (c) Interest for underpayments and overpayments.

24 (d) Liability of transferees.

25 (e) Closing agreements and compromises.

26 (f) Deficiency procedures, except that the state board of tax  
27 appeals shall review deficiencies under chapter 82.03 RCW.

28 (g) Penalties and additions for failure to timely file returns or  
29 pay taxes.

1 (h) Timing, amount, and manner of payment of estimated tax  
2 payments.

3 (i) Time and manner of making returns, verification of returns, and  
4 the time when a return is deemed filed.

5 (j) Powers of the secretary of the treasury, exercised under this  
6 title by the department, to prepare and execute returns, to prescribe  
7 forms, to enforce collection of the tax through liens and seizure of  
8 property, and to impose penalties.

9 (2) The department by rule may provide modifications and exceptions  
10 to the provisions listed in subsection (1) of this section if  
11 reasonably necessary to facilitate the prompt, efficient, and equitable  
12 collection of tax under this title.

13 NEW SECTION. **Sec. 16.** RULES. The department may adopt rules  
14 under chapter 34.05 RCW for the administration and enforcement of this  
15 title. The rules, to the extent possible without being inconsistent  
16 with this title, shall follow the Internal Revenue Code, and the  
17 regulations and rulings of the United States treasury department with  
18 respect to the federal income tax. The department may adopt as a part  
19 of these rules any portions of the Internal Revenue Code and treasury  
20 department regulations and rulings, in whole or in part.

21 NEW SECTION. **Sec. 17.** REFUNDS OF OVERPAYMENTS--OTHER  
22 ADMINISTRATIVE PROVISIONS. (1) The department shall refund all taxes  
23 and penalties improperly paid or collected.

24 (2) RCW 82.32.110, 82.32.120, 82.32.130, 82.32.320, 82.32.330, and  
25 82.32.340 apply to the administration of the taxes imposed under this  
26 title.

1        NEW SECTION.    **Sec. 18.**    CRIMES.    (1) Any person who knowingly  
2 attempts to evade or defeat the tax imposed under this title or payment  
3 thereof is guilty of a class C felony as provided in chapter 9A.20 RCW.

4        (2) Any person required to collect tax imposed under this title who  
5 knowingly fails to collect, truthfully account for, or pay over the tax  
6 is guilty of a class C felony as provided in chapter 9A.20 RCW.

7        (3) Any person who knowingly fails to pay tax, pay estimated tax,  
8 make returns, keep records, or supply information, as required under  
9 this title, is guilty of a gross misdemeanor as provided in chapter  
10 9A.20 RCW.

11       NEW SECTION.    **Sec. 19.**    The basic education account is created in  
12 the state treasury. All receipts from the tax imposed by section 2(1)  
13 of this act shall be deposited into the account. Moneys in the account  
14 may be spent only after appropriation. Expenditures from the account  
15 may be used only for the purposes of the basic education act.

16       **Sec. 20.**    RCW 82.03.130 and 1989 c 378 s 4 are each amended to read  
17 as follows:

18       JURISDICTION OF BOARD. The board shall have jurisdiction to decide  
19 the following types of appeals:

20       (1) Appeals taken pursuant to RCW 82.03.190.

21       (2) Appeals from a county board of equalization pursuant to RCW  
22 84.08.130.

23       (3) Appeals by an assessor or landowner from an order of the  
24 director of revenue made pursuant to RCW 84.08.010 and 84.08.060, if  
25 filed with the board of tax appeals within thirty days after the  
26 mailing of the order, the right to such an appeal being hereby  
27 established.

1 (4) Appeals by an assessor or owner of an intercounty public  
2 utility or private car company from determinations by the director of  
3 revenue of equalized assessed valuation of property and the  
4 apportionment thereof to a county made pursuant to chapter 84.12 RCW  
5 and 84.16 RCW, if filed with the board of tax appeals within thirty  
6 days after mailing of the determination, the right to such appeal being  
7 hereby established.

8 (5) Appeals by an assessor, landowner, or owner of an intercounty  
9 public utility or private car company from a determination of any  
10 county indicated ratio for such county compiled by the department of  
11 revenue pursuant to RCW 84.48.075: PROVIDED, That

12 (a) Said appeal be filed after review of the ratio under RCW  
13 84.48.075(3) and not later than fifteen days after the mailing of the  
14 certification; and

15 (b) The hearing before the board shall be expeditiously held in  
16 accordance with rules prescribed by the board and shall take precedence  
17 over all matters of the same character.

18 (6) Appeals from the decisions of sale price of second class  
19 shorelands on navigable lakes by the department of natural resources  
20 pursuant to RCW 79.94.210.

21 (7) Appeals from urban redevelopment property tax apportionment  
22 district proposals established by governmental ordinances pursuant to  
23 RCW 39.88.060.

24 (8) Appeals from interest rates as determined by the department of  
25 revenue for use in valuing farmland under current use assessment  
26 pursuant to RCW 84.34.065.

27 (9) Appeals from revisions to stumpage value tables used to  
28 determine value by the department of revenue pursuant to RCW 84.33.091.

29 (10) Appeals from denial of tax exemption application by the  
30 department of revenue pursuant to RCW 84.36.850.

1        (11) Appeals relating to income tax deficiencies under Title 82A  
2        RCW.

3        **Sec. 21.** RCW 82.03.140 and 1988 c 222 s 4 are each amended to read  
4 as follows:

5        APPEALS. In all appeals over which the board has jurisdiction  
6 under RCW 82.03.130, a party taking an appeal may elect either a formal  
7 or an informal hearing, such election to be made according to rules of  
8 practice and procedure to be promulgated by the board: PROVIDED, That  
9 nothing shall prevent the assessor or taxpayer, as a party to an appeal  
10 pursuant to RCW 84.08.130, within twenty days from the date of the  
11 receipt of the notice of appeal, from filing with the clerk of the  
12 board notice of intention that the hearing be a formal one: PROVIDED,  
13 HOWEVER, That nothing herein shall be construed to modify the  
14 provisions of RCW 82.03.190: AND PROVIDED FURTHER, That upon an appeal  
15 under RCW 82.03.130(5) or (11), the director of revenue may, within ten  
16 days from the date of its receipt of the notice of appeal, file with  
17 the clerk of the board notice of its (~~intention that the hearing be~~  
18 ~~held pursuant to chapter 34.05 RCW~~) election of a formal hearing. In  
19 the event that appeals are taken from the same decision, order, or  
20 determination, as the case may be, by different parties and only one of  
21 such parties elects a formal hearing, a formal hearing shall be  
22 granted.

23        **Sec. 22.** RCW 82.03.180 and 1989 c 175 s 176 are each amended to  
24 read as follows:

25        JUDICIAL REVIEW. (1) For appeals other than those under RCW  
26 82.03.130(11), judicial review of a decision of the board of tax  
27 appeals shall be de novo in accordance with the provisions of RCW  
28 82.32.180 or 84.68.020 as applicable except when the decision has been

1 rendered pursuant to a formal hearing elected under RCW 82.03.140 or  
2 82.03.190, in which event judicial review may be obtained only pursuant  
3 to RCW 34.05.510 through 34.05.598: PROVIDED, HOWEVER, That nothing  
4 herein shall be construed to modify the rights of a taxpayer conferred  
5 by RCW 82.32.180 and 84.68.020 to sue for tax refunds: AND PROVIDED  
6 FURTHER, That no review from a decision made pursuant to RCW  
7 82.03.130(1) may be obtained by a taxpayer unless within the petition  
8 period provided by RCW 34.05.542 the taxpayer shall have first paid in  
9 full the contested tax, together with all penalties and interest  
10 thereon, if any. The director of revenue shall have the same right of  
11 review from a decision made pursuant to RCW 82.03.130(1) as does a  
12 taxpayer; and the director of revenue and all parties to an appeal  
13 under RCW 82.03.130(5) shall have the right of review from a decision  
14 made pursuant to RCW 82.03.130(5).

15 (2) Within thirty days after the final decision of the board in a  
16 case under RCW 82.03.130(11) in which a formal hearing is elected, the  
17 taxpayer or the department may appeal to the court of appeals. The  
18 appeal shall be perfected by filing with the clerk of the court of  
19 appeals a petition for review and by serving a copy thereof by mail or  
20 personally on the opposing party. The petitioner shall pay the costs  
21 of preparing the record of the hearing, and thereafter the board shall  
22 file with the clerk of the court the original or a certified copy of  
23 the entire record of the proceeding under review. RCW 34.05.570(3)  
24 applies to this review, and a bond shall be required for the review if  
25 requested by the department. The appropriate division of the court of  
26 appeals in which the petition for review is to be filed shall be, at  
27 the option of the petitioner, either division II or that division  
28 containing the district in which is located the petitioner's residence  
29 or principal place of business. The method of judicial review of the  
30 board of tax appeals decision provided in this subsection is exclusive.

1 Nothing in this subsection prevents an appeal from the court of appeals  
2 to the state supreme court in the same manner as in other civil cases.  
3 There shall be no judicial review of a final decision of the board  
4 under RCW 82.03.130(11) in which a formal hearing has not been elected.

5       **Sec. 23.** RCW 82.08.020 and 1985 c 32 s 1 are each amended to read  
6 as follows:

7       (1) There is levied and there shall be collected a tax on each  
8 retail sale in this state equal to the lesser of (a) six and five-  
9 tenths percent, or (b) six and five-tenths percent, minus an amount  
10 equal to any increase over the one percent rate that was established by  
11 section 2 of this act on the effective date of this act, of the selling  
12 price.

13       (2) The tax imposed under this chapter shall apply to successive  
14 retail sales of the same property.

15       (3) The rate provided in this section applies to taxes imposed  
16 under chapter 82.12 RCW as provided in RCW 82.12.020.

17       NEW SECTION.   **Sec. 24.** JUDICIAL REVIEW OF CLAIM FOR REFUND. Any  
18 person having filed a claim for refund or credit on any tax, penalty,  
19 or other sum collected under this title may, within the applicable  
20 period of limitation provided in section 15(1)(b) of this act, sue for  
21 a refund or credit on the tax, penalty, or other sum in the superior  
22 court of Thurston county. All procedures and rights of appeal  
23 governing other civil actions apply to these proceedings.

24       This section does not apply to any tax payment which has been the  
25 subject of an appeal to the state board of tax appeals with respect to  
26 which a formal hearing has been held.

1        NEW SECTION.    **Sec. 25.** SEVERABILITY. If any provision of this act  
2 or its application to any person or circumstance is held invalid, the  
3 remainder of the act or the application of the provision to other  
4 persons or circumstances is not affected.

5        NEW SECTION.    **Sec. 26.** CODIFICATION. Sections 1 through 19 and 22  
6 of this act shall be codified as a new title in the Revised Code of  
7 Washington, to be numbered Title 82A RCW.

8        NEW SECTION.    **Sec. 27.** CAPTIONS NOT LAW. Section captions  
9 constitute no part of the law.

10       NEW SECTION.    **Sec. 28.** REFERENDUM. This act shall be submitted to  
11 the people for their adoption and ratification, or rejection, at the  
12 next succeeding general election to be held in this state, in  
13 accordance with Article II, section 1 of the state Constitution, as  
14 amended, and the laws adopted to facilitate the operation thereof.

15       NEW SECTION.    **Sec. 29.** CONTINGENT EFFECTIVE DATE. This act shall  
16 take effect January 1, 1992, if approved and ratified by the voters at  
17 the next general election.