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SENATE BILL 5175

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State of Washington

55th Legislature

1997 Regular Session

By Senators Morton, Rasmussen, Hochstatter, Goings and Roach; by request of Department of Revenue

Read first time 01/17/97. Referred to Committee on Agriculture & Environment.

1 AN ACT Relating to business and occupation tax on the handling of  
2 hay, alfalfa, and seed; amending RCW 82.04.120; reenacting and amending  
3 RCW 82.04.260; providing an effective date; and declaring an emergency.

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

5 **Sec. 1.** RCW 82.04.120 and 1989 c 302 s 201 are each amended to  
6 read as follows:

7 "To manufacture" embraces all activities of a commercial or  
8 industrial nature wherein labor or skill is applied, by hand or  
9 machinery, to materials so that as a result thereof a new, different or  
10 useful substance or article of tangible personal property is produced  
11 for sale or commercial or industrial use, and shall include the  
12 production or fabrication of special made or custom made articles.

13 "To manufacture" shall not include: Conditioning of seed for use  
14 in planting; cubing hay or alfalfa; or activities which consist of  
15 cutting, grading, or ice glazing seafood which has been cooked, frozen,  
16 or canned outside this state.

17 **Sec. 2.** RCW 82.04.260 and 1996 c 148 s 2 and 1996 c 115 s 1 are  
18 each reenacted and amended to read as follows:

1 (1) Upon every person engaging within this state in the business of  
2 buying wheat, oats, dry peas, dry beans, lentils, triticale, canola,  
3 corn, rye and barley, but not including any manufactured or processed  
4 products thereof, and selling the same at wholesale; the tax imposed  
5 shall be equal to the gross proceeds derived from such sales multiplied  
6 by the rate of 0.011 percent.

7 (2) Upon every person engaging within this state in the business of  
8 manufacturing wheat into flour, barley into pearl barley, soybeans into  
9 soybean oil, canola into canola oil, canola meal, or canola byproducts,  
10 or sunflower seeds into sunflower oil; as to such persons the amount of  
11 tax with respect to such business shall be equal to the value of the  
12 flour, pearl barley, oil, canola meal, or canola byproduct  
13 manufactured, multiplied by the rate of 0.138 percent.

14 (3) Upon every person engaging within this state in the business of  
15 splitting or processing dried peas; as to such persons the amount of  
16 tax with respect to such business shall be equal to the value of the  
17 peas split or processed, multiplied by the rate of 0.275 percent.

18 (4) Upon every person engaging within this state in the business of  
19 manufacturing seafood products which remain in a raw, raw frozen, or  
20 raw salted state at the completion of the manufacturing by that person;  
21 as to such persons the amount of tax with respect to such business  
22 shall be equal to the value of the products manufactured, multiplied by  
23 the rate of 0.138 percent.

24 (5) Upon every person engaging within this state in the business of  
25 manufacturing by canning, preserving, freezing, processing, or  
26 dehydrating fresh fruits and vegetables, or selling at wholesale fresh  
27 fruits and vegetables canned, preserved, frozen, processed, or  
28 dehydrated by the seller and sold to purchasers who transport in the  
29 ordinary course of business the goods out of this state; as to such  
30 persons the amount of tax with respect to such business shall be equal  
31 to the value of the products canned, preserved, frozen, processed, or  
32 dehydrated multiplied by the rate of 0.33 percent. As proof of sale to  
33 a person who transports in the ordinary course of business goods out of  
34 this state, the seller shall annually provide a statement in a form  
35 prescribed by the department and retain the statement as a business  
36 record.

37 (6) Upon every nonprofit corporation and nonprofit association  
38 engaging within this state in research and development, as to such  
39 corporations and associations, the amount of tax with respect to such

1 activities shall be equal to the gross income derived from such  
2 activities multiplied by the rate of 0.484 percent.

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

8 (8) Upon every person engaging within this state in the business of  
9 making sales, at retail or wholesale, of nuclear fuel assemblies  
10 manufactured by that person, as to such persons the amount of tax with  
11 respect to such business shall be equal to the gross proceeds of sales  
12 of the assemblies multiplied by the rate of 0.275 percent.

13 (9) Upon every person engaging within this state in the business of  
14 manufacturing nuclear fuel assemblies, as to such persons the amount of  
15 tax with respect to such business shall be equal to the value of the  
16 products manufactured multiplied by the rate of 0.275 percent.

17 (10) Upon every person engaging within this state in the business  
18 of acting as a travel agent or tour operator; as to such persons the  
19 amount of the tax with respect to such activities shall be equal to the  
20 gross income derived from such activities multiplied by the rate of  
21 0.275 percent.

22 (11) Upon every person engaging within this state in business as an  
23 international steamship agent, international customs house broker,  
24 international freight forwarder, vessel and/or cargo charter broker in  
25 foreign commerce, and/or international air cargo agent; as to such  
26 persons the amount of the tax with respect to only international  
27 activities shall be equal to the gross income derived from such  
28 activities multiplied by the rate of 0.363 percent.

29 (12) Upon every person engaging within this state in the business  
30 of stevedoring and associated activities pertinent to the movement of  
31 goods and commodities in waterborne interstate or foreign commerce; as  
32 to such persons the amount of tax with respect to such business shall  
33 be equal to the gross proceeds derived from such activities multiplied  
34 by the rate of 0.363 percent. Persons subject to taxation under this  
35 subsection shall be exempt from payment of taxes imposed by chapter  
36 82.16 RCW for that portion of their business subject to taxation under  
37 this subsection. Stevedoring and associated activities pertinent to  
38 the conduct of goods and commodities in waterborne interstate or  
39 foreign commerce are defined as all activities of a labor, service or

1 transportation nature whereby cargo may be loaded or unloaded to or  
2 from vessels or barges, passing over, onto or under a wharf, pier, or  
3 similar structure; cargo may be moved to a warehouse or similar holding  
4 or storage yard or area to await further movement in import or export  
5 or may move to a consolidation freight station and be stuffed,  
6 unstuffed, containerized, separated or otherwise segregated or  
7 aggregated for delivery or loaded on any mode of transportation for  
8 delivery to its consignee. Specific activities included in this  
9 definition are: Wharfage, handling, loading, unloading, moving of  
10 cargo to a convenient place of delivery to the consignee or a  
11 convenient place for further movement to export mode; documentation  
12 services in connection with the receipt, delivery, checking, care,  
13 custody and control of cargo required in the transfer of cargo;  
14 imported automobile handling prior to delivery to consignee; terminal  
15 stevedoring and incidental vessel services, including but not limited  
16 to plugging and unplugging refrigerator service to containers,  
17 trailers, and other refrigerated cargo receptacles, and securing ship  
18 hatch covers.

19 (13) Upon every person engaging within this state in the business  
20 of disposing of low-level waste, as defined in RCW 43.145.010; as to  
21 such persons the amount of the tax with respect to such business shall  
22 be equal to the gross income of the business, excluding any fees  
23 imposed under chapter 43.200 RCW, multiplied by the rate of 3.3  
24 percent.

25 If the gross income of the taxpayer is attributable to activities  
26 both within and without this state, the gross income attributable to  
27 this state shall be determined in accordance with the methods of  
28 apportionment required under RCW 82.04.460.

29 (14) Upon every person engaging within this state as an insurance  
30 agent, insurance broker, or insurance solicitor licensed under chapter  
31 48.17 RCW; as to such persons, the amount of the tax with respect to  
32 such licensed activities shall be equal to the gross income of such  
33 business multiplied by the rate of 0.55 percent.

34 (15) Upon every person engaging within this state in business as a  
35 hospital, as defined in chapter 70.41 RCW, that is operated as a  
36 nonprofit corporation or by the state or any of its political  
37 subdivisions, as to such persons, the amount of tax with respect to  
38 such activities shall be equal to the gross income of the business  
39 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5

1 percent thereafter. The moneys collected under this subsection shall  
2 be deposited in the health services account created under RCW  
3 43.72.900.

4 (16) Upon every person engaging within this state in the business  
5 of making sales at wholesale of seed conditioned for use in planting;  
6 the tax imposed shall be equal to the gross proceeds derived from such  
7 sales multiplied by the rate of 0.011 percent.

8 NEW SECTION. Sec. 3. This act is necessary for the immediate  
9 preservation of the public peace, health, or safety, or support of the  
10 state government and its existing public institutions, and takes effect  
11 July 1, 1997.

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