
ENGROSSED SECOND SUBSTITUTE SENATE BILL 5799

State of Washington

60th Legislature

2007 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Haugen, Prentice, Swecker, Berkey, Marr, Kilmer, Clements, Sheldon, Schoesler and Shin)

READ FIRST TIME 04/09/07.

1 AN ACT Relating to business and occupation tax rates for certain
2 fuel distributors; reenacting and amending RCW 82.04.260; providing an
3 effective date; and declaring an emergency.

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

5 **Sec. 1.** RCW 82.04.260 and 2006 c 354 s 4 and 2006 c 300 s 1 are
6 each reenacted and amended to read as follows:

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

9 (a) Wheat into flour, barley into pearl barley, soybeans into
10 soybean oil, canola into canola oil, canola meal, or canola byproducts,
11 or sunflower seeds into sunflower oil; as to such persons the amount of
12 tax with respect to such business shall be equal to the value of the
13 flour, pearl barley, oil, canola meal, or canola byproduct
14 manufactured, multiplied by the rate of 0.138 percent;

15 (b) Beginning July 1, 2012, seafood products which remain in a raw,
16 raw frozen, or raw salted state at the completion of the manufacturing
17 by that person; as to such persons the amount of tax with respect to
18 such business shall be equal to the value of the products manufactured

1 or the gross proceeds derived from such sales, multiplied by the rate
2 of 0.138 percent;

3 (c) Beginning July 1, 2012, dairy products that as of September 20,
4 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,
5 including byproducts from the manufacturing of the dairy products such
6 as whey and casein; or selling the same to purchasers who transport in
7 the ordinary course of business the goods out of state; as to such
8 persons the tax imposed shall be equal to the value of the products
9 manufactured or the gross proceeds derived from such sales multiplied
10 by the rate of 0.138 percent. Sellers must keep and preserve records
11 for the period required by RCW 82.32.070 establishing that the goods
12 were transported by the purchaser in the ordinary course of business
13 out of this state;

14 (d) Beginning July 1, 2012, fruits or vegetables by canning,
15 preserving, freezing, processing, or dehydrating fresh fruits or
16 vegetables, or selling at wholesale fruits or vegetables manufactured
17 by the seller by canning, preserving, freezing, processing, or
18 dehydrating fresh fruits or vegetables and sold to purchasers who
19 transport in the ordinary course of business the goods out of this
20 state; as to such persons the amount of tax with respect to such
21 business shall be equal to the value of the products manufactured or
22 the gross proceeds derived from such sales multiplied by the rate of
23 0.138 percent. Sellers must keep and preserve records for the period
24 required by RCW 82.32.070 establishing that the goods were transported
25 by the purchaser in the ordinary course of business out of this state;

26 (e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or biodiesel
27 feedstock, as those terms are defined in RCW 82.29A.135; as to such
28 persons the amount of tax with respect to the business shall be equal
29 to the value of alcohol fuel, biodiesel fuel, or biodiesel feedstock
30 manufactured, multiplied by the rate of 0.138 percent; and

31 (f) Alcohol fuel or wood biomass fuel, as those terms are defined
32 in RCW 82.29A.135; as to such persons the amount of tax with respect to
33 the business shall be equal to the value of alcohol fuel or wood
34 biomass fuel manufactured, multiplied by the rate of 0.138 percent.

35 (2) Upon every person engaging within this state in the business of
36 splitting or processing dried peas; as to such persons the amount of
37 tax with respect to such business shall be equal to the value of the
38 peas split or processed, multiplied by the rate of 0.138 percent.

1 (3) Upon every nonprofit corporation and nonprofit association
2 engaging within this state in research and development, as to such
3 corporations and associations, the amount of tax with respect to such
4 activities shall be equal to the gross income derived from such
5 activities multiplied by the rate of 0.484 percent.

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

11 (5) Upon every person engaging within this state in the business of
12 acting as a travel agent or tour operator; as to such persons the
13 amount of the tax with respect to such activities shall be equal to the
14 gross income derived from such activities multiplied by the rate of
15 0.275 percent.

16 (6) Upon every person engaging within this state in business as an
17 international steamship agent, international customs house broker,
18 international freight forwarder, vessel and/or cargo charter broker in
19 foreign commerce, and/or international air cargo agent; as to such
20 persons the amount of the tax with respect to only international
21 activities shall be equal to the gross income derived from such
22 activities multiplied by the rate of 0.275 percent.

23 (7) Upon every person engaging within this state in the business of
24 stevedoring and associated activities pertinent to the movement of
25 goods and commodities in waterborne interstate or foreign commerce; as
26 to such persons the amount of tax with respect to such business shall
27 be equal to the gross proceeds derived from such activities multiplied
28 by the rate of 0.275 percent. Persons subject to taxation under this
29 subsection shall be exempt from payment of taxes imposed by chapter
30 82.16 RCW for that portion of their business subject to taxation under
31 this subsection. Stevedoring and associated activities pertinent to
32 the conduct of goods and commodities in waterborne interstate or
33 foreign commerce are defined as all activities of a labor, service or
34 transportation nature whereby cargo may be loaded or unloaded to or
35 from vessels or barges, passing over, onto or under a wharf, pier, or
36 similar structure; cargo may be moved to a warehouse or similar holding
37 or storage yard or area to await further movement in import or export
38 or may move to a consolidation freight station and be stuffed,

1 unstuffed, containerized, separated or otherwise segregated or
2 aggregated for delivery or loaded on any mode of transportation for
3 delivery to its consignee. Specific activities included in this
4 definition are: Wharfage, handling, loading, unloading, moving of
5 cargo to a convenient place of delivery to the consignee or a
6 convenient place for further movement to export mode; documentation
7 services in connection with the receipt, delivery, checking, care,
8 custody and control of cargo required in the transfer of cargo;
9 imported automobile handling prior to delivery to consignee; terminal
10 stevedoring and incidental vessel services, including but not limited
11 to plugging and unplugging refrigerator service to containers,
12 trailers, and other refrigerated cargo receptacles, and securing ship
13 hatch covers.

14 (8) Upon every person engaging within this state in the business of
15 disposing of low-level waste, as defined in RCW 43.145.010; as to such
16 persons the amount of the tax with respect to such business shall be
17 equal to the gross income of the business, excluding any fees imposed
18 under chapter 43.200 RCW, multiplied by the rate of 3.3 percent.

19 If the gross income of the taxpayer is attributable to activities
20 both within and without this state, the gross income attributable to
21 this state shall be determined in accordance with the methods of
22 apportionment required under RCW 82.04.460.

23 (9) Upon every person engaging within this state as an insurance
24 agent, insurance broker, or insurance solicitor licensed under chapter
25 48.17 RCW; as to such persons, the amount of the tax with respect to
26 such licensed activities shall be equal to the gross income of such
27 business multiplied by the rate of 0.484 percent.

28 (10) Upon every person engaging within this state in business as a
29 hospital, as defined in chapter 70.41 RCW, that is operated as a
30 nonprofit corporation or by the state or any of its political
31 subdivisions, as to such persons, the amount of tax with respect to
32 such activities shall be equal to the gross income of the business
33 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5
34 percent thereafter. The moneys collected under this subsection shall
35 be deposited in the health services account created under RCW
36 43.72.900.

37 (11)(a) Beginning October 1, 2005, upon every person engaging
38 within this state in the business of manufacturing commercial

1 airplanes, or components of such airplanes, as to such persons the
2 amount of tax with respect to such business shall, in the case of
3 manufacturers, be equal to the value of the product manufactured, or in
4 the case of processors for hire, be equal to the gross income of the
5 business, multiplied by the rate of:

6 (i) 0.4235 percent from October 1, 2005, through the later of June
7 30, 2007, or the day preceding the date final assembly of a
8 superefficient airplane begins in Washington state, as determined under
9 RCW 82.32.550; and

10 (ii) 0.2904 percent beginning on the later of July 1, 2007, or the
11 date final assembly of a superefficient airplane begins in Washington
12 state, as determined under RCW 82.32.550.

13 (b) Beginning October 1, 2005, upon every person engaging within
14 this state in the business of making sales, at retail or wholesale, of
15 commercial airplanes, or components of such airplanes, manufactured by
16 that person, as to such persons the amount of tax with respect to such
17 business shall be equal to the gross proceeds of sales of the airplanes
18 or components multiplied by the rate of:

19 (i) 0.4235 percent from October 1, 2005, through the later of June
20 30, 2007, or the day preceding the date final assembly of a
21 superefficient airplane begins in Washington state, as determined under
22 RCW 82.32.550; and

23 (ii) 0.2904 percent beginning on the later of July 1, 2007, or the
24 date final assembly of a superefficient airplane begins in Washington
25 state, as determined under RCW 82.32.550.

26 (c) For the purposes of this subsection (11), "commercial
27 airplane," "component," and "final assembly of a superefficient
28 airplane" have the meanings given in RCW 82.32.550.

29 (d) In addition to all other requirements under this title, a
30 person eligible for the tax rate under this subsection (11) must report
31 as required under RCW 82.32.545.

32 (e) This subsection (11) does not apply after the earlier of: July
33 1, 2024; or December 31, 2007, if assembly of a superefficient airplane
34 does not begin by December 31, 2007, as determined under RCW 82.32.550.

35 (12)(a) Until July 1, 2024, upon every person engaging within this
36 state in the business of extracting timber or extracting for hire
37 timber; as to such persons the amount of tax with respect to the
38 business shall, in the case of extractors, be equal to the value of

1 products, including byproducts, extracted, or in the case of extractors
2 for hire, be equal to the gross income of the business, multiplied by
3 the rate of 0.4235 percent from July 1, 2006, through June 30, 2007,
4 and 0.2904 percent from July 1, 2007, through June 30, 2024.

5 (b) Until July 1, 2024, upon every person engaging within this
6 state in the business of manufacturing or processing for hire: (i)
7 Timber into timber products or wood products; or (ii) timber products
8 into other timber products or wood products; as to such persons the
9 amount of the tax with respect to the business shall, in the case of
10 manufacturers, be equal to the value of products, including byproducts,
11 manufactured, or in the case of processors for hire, be equal to the
12 gross income of the business, multiplied by the rate of 0.4235 percent
13 from July 1, 2006, through June 30, 2007, and 0.2904 percent from July
14 1, 2007, through June 30, 2024.

15 (c) Until July 1, 2024, upon every person engaging within this
16 state in the business of selling at wholesale: (i) Timber extracted by
17 that person; (ii) timber products manufactured by that person from
18 timber or other timber products; or (iii) wood products manufactured by
19 that person from timber or timber products; as to such persons the
20 amount of the tax with respect to the business shall be equal to the
21 gross proceeds of sales of the timber, timber products, or wood
22 products multiplied by the rate of 0.4235 percent from July 1, 2006,
23 through June 30, 2007, and 0.2904 percent from July 1, 2007, through
24 June 30, 2024.

25 (d) For purposes of this subsection, the following definitions
26 apply:

27 (i) "Timber products" means logs, wood chips, sawdust, wood waste,
28 and similar products obtained wholly from the processing of timber;
29 pulp; and recycled paper products.

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

34 (13) Upon every person engaging within this state in inspecting,
35 testing, labeling, and storing canned salmon owned by another person,
36 as to such persons, the amount of tax with respect to such activities
37 shall be equal to the gross income derived from such activities
38 multiplied by the rate of 0.484 percent.

1 (14)(a) Except as provided in (b) of this subsection, until July 1,
2 2010, upon every person engaging within this state in the business of
3 making wholesale sales of motor vehicle fuel or special fuel as a motor
4 vehicle fuel distributor or a special fuel distributor; as to such
5 persons the amount of tax with respect to the business shall be equal
6 to the gross proceeds of sales of the motor vehicle fuel or special
7 fuel multiplied by the rate of 0.2904 percent.

8 (b) This subsection does not apply to sales of motor vehicle fuel
9 or special fuel when the seller:

10 (i) Removed the motor vehicle fuel or special fuel from a terminal
11 or refinery rack and is a motor vehicle or special fuel supplier;

12 (ii) Imported the motor vehicle fuel or special fuel outside the
13 bulk transfer terminal system;

14 (iii) Exported the motor vehicle fuel or special fuel; or

15 (iv) Blended the motor vehicle fuel or special fuel outside the
16 bulk transfer terminal system.

17 (c) Nothing in this subsection (14) should be construed to exempt
18 those sales of motor vehicle fuel or special fuel described in (b)(i)
19 through (iv) of this subsection (14) from the tax imposed under this
20 chapter.

21 (d) Except for the definition of "person," the definitions in
22 chapters 82.36 and 82.38 RCW apply to this subsection (14).

23 NEW SECTION. Sec. 2. This act is necessary for the immediate
24 preservation of the public peace, health, or safety, or support of the
25 state government and its existing public institutions, and takes effect
26 July 1, 2007.

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