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HOUSE BILL 2229

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State of Washington                      61st Legislature                      2009 Regular Session

By Representatives Parker, Driscoll, and Kelley

Read first time 02/16/09. Referred to Committee on Finance.

1            AN ACT Relating to modifying the definition of "manufacturer" for  
2 tax purposes to exclude persons who contract with other persons to  
3 reproduce content on a tangible medium for retail or wholesale  
4 distribution; and amending RCW 82.04.110.

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

6            **Sec. 1.** RCW 82.04.110 and 1997 c 453 s 1 are each amended to read  
7 as follows:

8            (1) Except as otherwise provided in this section, "manufacturer"  
9 means every person who, either directly or by contracting with others  
10 for the necessary labor or mechanical services, manufactures for sale  
11 or for commercial or industrial use from his or her own materials or  
12 ingredients any articles, substances, or commodities.

13            (2)(a) When the owner of equipment or facilities furnishes, or  
14 sells to the customer prior to manufacture, all or a portion of the  
15 materials that become a part or whole of the manufactured article, the  
16 department shall prescribe equitable rules for determining tax  
17 liability(~~(: PROVIDED, That)~~).

18            (b) A person who produces aluminum master alloys is a processor for  
19 hire rather than a manufacturer, regardless of the portion of the

1 aluminum provided by that person's customer(~~(:—PROVIDED FURTHER,~~  
2 ~~That)~~). For the purposes of this subsection (2)(b), "aluminum master  
3 alloy" means an alloy registered with the Aluminum Association as a  
4 grain refiner or a hardener alloy using the American National Standards  
5 Institute designating system H35.3.

6 (3) A nonresident of this state who is the owner of materials  
7 processed for it in this state by a processor for hire shall not be  
8 deemed to be engaged in business in this state as a manufacturer  
9 because of the performance of such processing work for it in this  
10 state(~~(:—PROVIDED FURTHER, That)~~).

11 (4) The owner of materials from which a nuclear fuel assembly is  
12 made for it by a processor for hire shall not be subject to tax under  
13 this chapter as a manufacturer of the fuel assembly.

14 ~~((For the purposes of this section, "aluminum master alloy" means~~  
15 ~~an alloy registered with the Aluminum Association as a grain refiner or~~  
16 ~~a hardener alloy using the American National Standards Institute~~  
17 ~~designating system H35.3.))~~

18 (5)(a) A person who contracts with another  
19 person to reproduce content on a tangible medium for retail or  
20 wholesale distribution is deemed not to be engaged in business in this  
21 state as a manufacturer with respect to such activity, regardless of  
22 whether the reproduction work is performed for it in this state. The  
23 person performing the reproduction work is deemed to be a processor for  
24 hire, unless the reproduction work involves printing within the meaning  
25 of RCW 82.04.280(1), in which case the person is taxable under RCW  
26 82.04.280(1) in respect to the reproduction work.

27 (b) For purposes of this subsection (5):

28 (i) "Content" means text, information, data, still images, moving  
29 images, sound recordings, and computer software. "Content" includes  
30 both proprietary content and public domain content.

31 (ii) "Tangible medium" means paper, tape, film, disk, and any other  
32 tangible vehicle used in the inscribing, storing, or recording of  
content.

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