

1 any excess local excise taxes received by it from taxable activity
2 within the benefit zone to finance public improvement costs associated
3 with the public improvements financed in whole or in part by hospital
4 benefit zone financing. The use of excess local excise taxes must
5 cease when tax allocation revenues are no longer necessary or obligated
6 to pay the costs of the public improvements. Any participating taxing
7 authority is authorized to allocate excess local excise taxes to the
8 local government as long as the local government has received approval
9 from the department under RCW 82.32.700 to impose the local option
10 sales and use tax authorized in RCW 82.14.465. The legislature
11 declares that it is a proper purpose of a local government or
12 participating taxing authority to allocate excess local excise taxes
13 for purposes of financing public improvements under this chapter.

14 (2) A local government (~~shall~~) must provide the department
15 accurate information describing the geographical boundaries of the
16 benefit zone at least seventy-five days before the effective date of
17 the ordinance creating the benefit zone. The local government
18 (~~shall~~) must ensure that the boundary information provided to the
19 department is kept current.

20 (3) The department (~~shall~~) must provide the necessary information
21 to calculate excess local excise taxes to each local government that
22 has provided boundary information to the department as provided in this
23 section and that has received approval from the department under RCW
24 82.32.700 to impose the local option sales and use tax authorized in
25 RCW 82.14.465.

26 (4) The definitions in this subsection apply throughout this
27 section unless the context clearly requires otherwise.

28 (a) "Base year" means the calendar year immediately following the
29 creation of a benefit zone.

30 (b) "Excess local excise taxes" means the amount of local excise
31 taxes received by the local government during the measurement year from
32 taxable activity within the benefit zone over and above the amount of
33 local excise taxes received by the local government during the base
34 year from taxable activity within the benefit zone. However, if a
35 local government creates the benefit zone and reasonably determines
36 that no activity subject to tax under chapters 82.08 and 82.12 RCW
37 occurred in the twelve months immediately preceding the creation of the
38 benefit zone within the boundaries of the area that became the benefit

1 zone, "excess local excise taxes" means the entire amount of local
2 excise taxes received by the local government during a calendar year
3 period beginning with the calendar year immediately following the
4 creation of the benefit zone and continuing with each measurement year
5 thereafter.

6 (c) "Local excise taxes" means local revenues derived from the
7 imposition of sales and use taxes authorized in RCW 82.14.030 at the
8 tax rate that was in effect at the time the hospital benefit zone is
9 approved by the department, except that if a local government reduces
10 the rate of such tax after the (~~revenue development area~~) hospital
11 benefit zone was approved, "local excise taxes" means the local
12 revenues derived from the imposition of the sales and use taxes
13 authorized in RCW 82.14.030 at the lower tax rate.

14 (d) "Measurement year" means a calendar year, beginning with the
15 calendar year following the base year and each calendar year
16 thereafter, that is used annually to measure the amount of excess state
17 excise taxes and excess local excise taxes required to be used to
18 finance public improvement costs associated with public improvements
19 financed in whole or in part by hospital benefit zone financing.

20 **Sec. 102.** RCW 82.04.050 and 2009 c 563 s 301 and 2009 c 535 s 301
21 are each reenacted and amended to read as follows:

22 (1)(a) "Sale at retail" or "retail sale" means every sale of
23 tangible personal property (including articles produced, fabricated, or
24 imprinted) to all persons irrespective of the nature of their business
25 and including, among others, without limiting the scope hereof, persons
26 who install, repair, clean, alter, improve, construct, or decorate real
27 or personal property of or for consumers other than a sale to a person
28 (~~who presents a seller's permit or uniform exemption certificate in~~
29 ~~conformity with RCW 82.04.470 and~~) who:

30 ((+a)) (i) Purchases for the purpose of resale as tangible
31 personal property in the regular course of business without intervening
32 use by such person, but a purchase for the purpose of resale by a
33 regional transit authority under RCW 81.112.300 is not a sale for
34 resale; or

35 ((+b)) (ii) Installs, repairs, cleans, alters, imprints, improves,
36 constructs, or decorates real or personal property of or for consumers,

1 if such tangible personal property becomes an ingredient or component
2 of such real or personal property without intervening use by such
3 person; or

4 ~~((e))~~ (iii) Purchases for the purpose of consuming the property
5 purchased in producing for sale as a new article of tangible personal
6 property or substance, of which such property becomes an ingredient or
7 component or is a chemical used in processing, when the primary purpose
8 of such chemical is to create a chemical reaction directly through
9 contact with an ingredient of a new article being produced for sale; or

10 ~~((d))~~ (iv) Purchases for the purpose of consuming the property
11 purchased in producing ferrosilicon which is subsequently used in
12 producing magnesium for sale, if the primary purpose of such property
13 is to create a chemical reaction directly through contact with an
14 ingredient of ferrosilicon; or

15 ~~((e))~~ (v) Purchases for the purpose of providing the property to
16 consumers as part of competitive telephone service, as defined in RCW
17 82.04.065 ~~((— The term shall include every sale of tangible personal
18 property which is used or consumed or to be used or consumed in the
19 performance of any activity classified as a "sale at retail" or "retail
20 sale" even though such property is resold or utilized as provided in
21 (a), (b), (c), (d), or (e) of this subsection following such use. The
22 term also means every sale of tangible personal property to persons
23 engaged in any business which is taxable under RCW 82.04.280 (2) and
24 (7), 82.04.290, and 82.04.2908))~~; or

25 ~~((f))~~ (vi) Purchases for the purpose of satisfying the person's
26 obligations under an extended warranty as defined in subsection (7) of
27 this section, if such tangible personal property replaces or becomes an
28 ingredient or component of property covered by the extended warranty
29 without intervening use by such person.

30 (b) The term includes every sale of tangible personal property that
31 is used or consumed or to be used or consumed in the performance of any
32 activity defined as a "sale at retail" or "retail sale" even though
33 such property is resold or used as provided in (a)(i) through (vi) of
34 this subsection following such use.

35 (c) The term also means every sale of tangible personal property to
36 persons engaged in any business that is taxable under RCW 82.04.280 (2)
37 and (7), 82.04.290, and 82.04.2908.

1 (2) The term "sale at retail" or "retail sale" includes the sale of
2 or charge made for tangible personal property consumed and/or for labor
3 and services rendered in respect to the following:

4 (a) The installing, repairing, cleaning, altering, imprinting, or
5 improving of tangible personal property of or for consumers, including
6 charges made for the mere use of facilities in respect thereto, but
7 excluding charges made for the use of self-service laundry facilities,
8 and also excluding sales of laundry service to nonprofit health care
9 facilities, and excluding services rendered in respect to live animals,
10 birds and insects;

11 (b) The constructing, repairing, decorating, or improving of new or
12 existing buildings or other structures under, upon, or above real
13 property of or for consumers, including the installing or attaching of
14 any article of tangible personal property therein or thereto, whether
15 or not such personal property becomes a part of the realty by virtue of
16 installation, and shall also include the sale of services or charges
17 made for the clearing of land and the moving of earth excepting the
18 mere leveling of land used in commercial farming or agriculture;

19 (c) The constructing, repairing, or improving of any structure
20 upon, above, or under any real property owned by an owner who conveys
21 the property by title, possession, or any other means to the person
22 performing such construction, repair, or improvement for the purpose of
23 performing such construction, repair, or improvement and the property
24 is then reconveyed by title, possession, or any other means to the
25 original owner;

26 (d) The cleaning, fumigating, razing, or moving of existing
27 buildings or structures, but (~~may~~) does not include the charge made
28 for janitorial services; and for purposes of this section the term
29 "janitorial services" (~~shall~~) means those cleaning and caretaking
30 services ordinarily performed by commercial janitor service businesses
31 including, but not limited to, wall and window washing, floor cleaning
32 and waxing, and the cleaning in place of rugs, drapes and upholstery.
33 The term "janitorial services" does not include painting, papering,
34 repairing, furnace or septic tank cleaning, snow removal or
35 sandblasting;

36 (e) Automobile towing and similar automotive transportation
37 services, but not in respect to those required to report and pay taxes
38 under chapter 82.16 RCW;

1 (f) The furnishing of lodging and all other services by a hotel,
2 rooming house, tourist court, motel, trailer camp, and the granting of
3 any similar license to use real property, as distinguished from the
4 renting or leasing of real property, and it is presumed that the
5 occupancy of real property for a continuous period of one month or more
6 constitutes a rental or lease of real property and not a mere license
7 to use or enjoy the same. For the purposes of this subsection, it
8 (~~shall be~~) is presumed that the sale of and charge made for the
9 furnishing of lodging for a continuous period of one month or more to
10 a person is a rental or lease of real property and not a mere license
11 to enjoy the same;

12 (g) The installing, repairing, altering, or improving of digital
13 goods for consumers;

14 (h) Persons taxable under (a), (b), (c), (d), (e), (f), and (g) of
15 this subsection when such sales or charges are for property, labor and
16 services which are used or consumed in whole or in part by such persons
17 in the performance of any activity defined as a "sale at retail" or
18 "retail sale" even though such property, labor and services may be
19 resold after such use or consumption. Nothing contained in this
20 subsection (~~shall~~) may be construed to modify subsection (1) of this
21 section and nothing contained in subsection (1) of this section may be
22 construed to modify this subsection.

23 (3) The term "sale at retail" or "retail sale" includes the sale of
24 or charge made for personal, business, or professional services
25 including amounts designated as interest, rents, fees, admission, and
26 other service emoluments however designated, received by persons
27 engaging in the following business activities:

28 (a) Amusement and recreation services including but not limited to
29 golf, pool, billiards, skating, bowling, ski lifts and tows, day trips
30 for sightseeing purposes, and others, when provided to consumers;

31 (b) Abstract, title insurance, and escrow services;

32 (c) Credit bureau services;

33 (d) Automobile parking and storage garage services;

34 (e) Landscape maintenance and horticultural services but excluding
35 (i) horticultural services provided to farmers and (ii) pruning,
36 trimming, repairing, removing, and clearing of trees and brush near
37 electric transmission or distribution lines or equipment, if performed
38 by or at the direction of an electric utility;

1 (f) Service charges associated with tickets to professional
2 sporting events; and

3 (g) The following personal services: Physical fitness services,
4 tanning salon services, tattoo parlor services, steam bath services,
5 turkish bath services, escort services, and dating services.

6 (4)(a) The term also includes(~~(+~~
7 ~~(+))~~) the renting or leasing of tangible personal property to
8 consumers(~~(+and~~

9 ~~(ii) Providing tangible personal property along with an operator~~
10 ~~for a fixed or indeterminate period of time. A consideration of this~~
11 ~~is that the operator is necessary for the tangible personal property to~~
12 ~~perform as designed. For the purpose of this subsection (4)(a)(ii), an~~
13 ~~operator must do more than maintain, inspect, or set up the tangible~~
14 ~~personal property)).~~

15 (b) The term does not include the renting or leasing of tangible
16 personal property where the lease or rental is for the purpose of
17 sublease or subrent.

18 (5) The term also includes the providing of "competitive telephone
19 service," "telecommunications service," or "ancillary services," as
20 those terms are defined in RCW 82.04.065, to consumers.

21 (6)(a) The term also includes the sale of prewritten computer
22 software (~~(other than a sale)~~) to a (~~(person who presents a seller's~~
23 ~~permit or uniform exemption certificate in conformity with RCW~~
24 ~~82.04.470)~~) consumer, regardless of the method of delivery to the end
25 user. For purposes of this subsection (6)(a), the sale of prewritten
26 computer software includes the sale of or charge made for a key or an
27 enabling or activation code, where the key or code is required to
28 activate prewritten computer software and put the software into use.
29 There is no separate sale of the key or code from the prewritten
30 computer software, regardless of how the sale may be characterized by
31 the vendor or by the purchaser.

32 The term "retail sale" does not include the sale of or charge made
33 for:

34 (i) Custom software; or

35 (ii) The customization of prewritten computer software.

36 (b) The term also includes the charge made to consumers for the
37 right to access and use prewritten computer software, where possession

1 of the software is maintained by the seller or a third party,
2 regardless of whether the charge for the service is on a per use, per
3 user, per license, subscription, or some other basis.

4 (7) The term also includes the sale of or charge made for an
5 extended warranty to a consumer. For purposes of this subsection,
6 "extended warranty" means an agreement for a specified duration to
7 perform the replacement or repair of tangible personal property at no
8 additional charge or a reduced charge for tangible personal property,
9 labor, or both, or to provide indemnification for the replacement or
10 repair of tangible personal property, based on the occurrence of
11 specified events. The term "extended warranty" does not include an
12 agreement, otherwise meeting the definition of extended warranty in
13 this subsection, if no separate charge is made for the agreement and
14 the value of the agreement is included in the sales price of the
15 tangible personal property covered by the agreement. For purposes of
16 this subsection, "sales price" has the same meaning as in RCW
17 82.08.010.

18 (8)(a) The term also includes the following sales to consumers of
19 digital goods, digital codes, and digital automated services:

20 (i) Sales in which the seller has granted the purchaser the right
21 of permanent use;

22 (ii) Sales in which the seller has granted the purchaser a right of
23 use that is less than permanent;

24 (iii) Sales in which the purchaser is not obligated to make
25 continued payment as a condition of the sale; and

26 (iv) Sales in which the purchaser is obligated to make continued
27 payment as a condition of the sale.

28 (b) A retail sale of digital goods, digital codes, or digital
29 automated services under this subsection (8) includes any services
30 provided by the seller exclusively in connection with the digital
31 goods, digital codes, or digital automated services, whether or not a
32 separate charge is made for such services.

33 (c) For purposes of this subsection, "permanent" means perpetual or
34 for an indefinite or unspecified length of time. A right of permanent
35 use is presumed to have been granted unless the agreement between the
36 seller and the purchaser specifies or the circumstances surrounding the
37 transaction suggest or indicate that the right to use terminates on the
38 occurrence of a condition subsequent.

1 (9) The term also includes the charge made for providing tangible
2 personal property along with an operator for a fixed or indeterminate
3 period of time. A consideration of this is that the operator is
4 necessary for the tangible personal property to perform as designed.
5 For the purpose of this subsection (9), an operator must do more than
6 maintain, inspect, or set up the tangible personal property.

7 (10) The term does not include the sale of or charge made for labor
8 and services rendered in respect to the building, repairing, or
9 improving of any street, place, road, highway, easement, right-of-way,
10 mass public transportation terminal or parking facility, bridge,
11 tunnel, or trestle which is owned by a municipal corporation or
12 political subdivision of the state or by the United States and which is
13 used or to be used primarily for foot or vehicular traffic including
14 mass transportation vehicles of any kind.

15 (~~(10)~~) (11) The term also does not include sales of chemical
16 sprays or washes to persons for the purpose of postharvest treatment of
17 fruit for the prevention of scald, fungus, mold, or decay, nor does it
18 include sales of feed, seed, seedlings, fertilizer, agents for enhanced
19 pollination including insects such as bees, and spray materials to:
20 (a) Persons who participate in the federal conservation reserve
21 program, the environmental quality incentives program, the wetlands
22 reserve program, and the wildlife habitat incentives program, or their
23 successors administered by the United States department of agriculture;
24 (b) farmers for the purpose of producing for sale any agricultural
25 product; and (c) farmers acting under cooperative habitat development
26 or access contracts with an organization exempt from federal income tax
27 under (~~Title~~) 26 U.S.C. Sec. 501(c)(3) of the federal internal
28 revenue code or the Washington state department of fish and wildlife to
29 produce or improve wildlife habitat on land that the farmer owns or
30 leases.

31 (~~(11)~~) (12) The term does not include the sale of or charge made
32 for labor and services rendered in respect to the constructing,
33 repairing, decorating, or improving of new or existing buildings or
34 other structures under, upon, or above real property of or for the
35 United States, any instrumentality thereof, or a county or city housing
36 authority created pursuant to chapter 35.82 RCW, including the
37 installing, or attaching of any article of tangible personal property
38 therein or thereto, whether or not such personal property becomes a

1 part of the realty by virtue of installation. Nor does the term
2 include the sale of services or charges made for the clearing of land
3 and the moving of earth of or for the United States, any
4 instrumentality thereof, or a county or city housing authority. Nor
5 does the term include the sale of services or charges made for cleaning
6 up for the United States, or its instrumentalities, radioactive waste
7 and other by-products of weapons production and nuclear research and
8 development.

9 ~~((12))~~ (13) The term does not include the sale of or charge made
10 for labor, services, or tangible personal property pursuant to
11 agreements providing maintenance services for bus, rail, or rail fixed
12 guideway equipment when a regional transit authority is the recipient
13 of the labor, services, or tangible personal property, and a transit
14 agency, as defined in RCW 81.104.015, performs the labor or services.

15 **Sec. 103.** RCW 82.04.190 and 2009 c 535 s 302 are each amended to
16 read as follows:

17 "Consumer" means the following:

18 (1) Any person who purchases, acquires, owns, holds, or uses any
19 article of tangible personal property irrespective of the nature of the
20 person's business and including, among others, without limiting the
21 scope hereof, persons who install, repair, clean, alter, improve,
22 construct, or decorate real or personal property of or for consumers
23 other than for the purpose of:

24 (a) ~~((ef))~~ Resale as tangible personal property in the regular
25 course of business ~~((ef))~~ ;

26 (b) ~~((ef))~~ Incorporating such property as an ingredient or
27 component of real or personal property when installing, repairing,
28 cleaning, altering, imprinting, improving, constructing, or decorating
29 such real or personal property of or for consumers ~~((ef))~~ ;

30 (c) ~~((ef))~~ Consuming such property in producing for sale as a new
31 article of tangible personal property or a new substance, of which such
32 property becomes an ingredient or component or as a chemical used in
33 processing, when the primary purpose of such chemical is to create a
34 chemical reaction directly through contact with an ingredient of a new
35 article being produced for sale ~~((ef))~~ ;

36 (d) ~~((ef))~~ Consuming the property purchased in producing
37 ferrosilicon which is subsequently used in producing magnesium for

1 sale, if the primary purpose of such property is to create a chemical
2 reaction directly through contact with an ingredient of ferrosilicon;
3 or

4 (e) ((ef)) Satisfying the person's obligations under an extended
5 warranty as defined in RCW 82.04.050(7), if such tangible personal
6 property replaces or becomes an ingredient or component of property
7 covered by the extended warranty without intervening use by such
8 person;

9 (2)(a) Any person engaged in any business activity taxable under
10 RCW 82.04.290 or 82.04.2908; (b) any person who purchases, acquires, or
11 uses any competitive telephone service, ancillary services, or
12 telecommunications service as those terms are defined in RCW 82.04.065,
13 other than for resale in the regular course of business; (c) any person
14 who purchases, acquires, or uses any service defined in RCW
15 82.04.050(2) (a) or (g), other than for resale in the regular course of
16 business or for the purpose of satisfying the person's obligations
17 under an extended warranty as defined in RCW 82.04.050(7); (d) any
18 person who purchases, acquires, or uses any amusement and recreation
19 service defined in RCW 82.04.050(3)(a), other than for resale in the
20 regular course of business; (e) any person who purchases or acquires an
21 extended warranty as defined in RCW 82.04.050(7) other than for resale
22 in the regular course of business; and (f) any person who is an end
23 user of software. For purposes of this subsection (2)(f) and RCW
24 82.04.050(6), a person who purchases or otherwise acquires prewritten
25 computer software, who provides services described in RCW
26 82.04.050(6)(b) and who will charge consumers for the right to access
27 and use the prewritten computer software, is not an end user of the
28 prewritten computer software;

29 (3) Any person engaged in the business of contracting for the
30 building, repairing or improving of any street, place, road, highway,
31 easement, right-of-way, mass public transportation terminal or parking
32 facility, bridge, tunnel, or trestle which is owned by a municipal
33 corporation or political subdivision of the state of Washington or by
34 the United States and which is used or to be used primarily for foot or
35 vehicular traffic including mass transportation vehicles of any kind as
36 defined in RCW 82.04.280, in respect to tangible personal property when
37 such person incorporates such property as an ingredient or component of
38 such publicly owned street, place, road, highway, easement,

1 right-of-way, mass public transportation terminal or parking facility,
2 bridge, tunnel, or trestle by installing, placing or spreading the
3 property in or upon the right-of-way of such street, place, road,
4 highway, easement, bridge, tunnel, or trestle or in or upon the site of
5 such mass public transportation terminal or parking facility;

6 (4) Any person who is an owner, lessee or has the right of
7 possession to or an easement in real property which is being
8 constructed, repaired, decorated, improved, or otherwise altered by a
9 person engaged in business, excluding only (a) municipal corporations
10 or political subdivisions of the state in respect to labor and services
11 rendered to their real property which is used or held for public road
12 purposes, and (b) the United States, instrumentalities thereof, and
13 county and city housing authorities created pursuant to chapter 35.82
14 RCW in respect to labor and services rendered to their real property.
15 Nothing contained in this or any other subsection of this definition
16 shall be construed to modify any other definition of "consumer";

17 (5) Any person who is an owner, lessee, or has the right of
18 possession to personal property which is being constructed, repaired,
19 improved, cleaned, imprinted, or otherwise altered by a person engaged
20 in business;

21 (6) Any person engaged in the business of constructing, repairing,
22 decorating, or improving new or existing buildings or other structures
23 under, upon, or above real property of or for the United States, any
24 instrumentality thereof, or a county or city housing authority created
25 pursuant to chapter 35.82 RCW, including the installing or attaching of
26 any article of tangible personal property therein or thereto, whether
27 or not such personal property becomes a part of the realty by virtue of
28 installation; also, any person engaged in the business of clearing land
29 and moving earth of or for the United States, any instrumentality
30 thereof, or a county or city housing authority created pursuant to
31 chapter 35.82 RCW. Any such person (~~shall be~~) is a consumer within
32 the meaning of this subsection in respect to tangible personal property
33 incorporated into, installed in, or attached to such building or other
34 structure by such person, except that consumer does not include any
35 person engaged in the business of constructing, repairing, decorating,
36 or improving new or existing buildings or other structures under, upon,
37 or above real property of or for the United States, or any

1 instrumentality thereof, if the investment project would qualify for
2 sales and use tax deferral under chapter 82.63 RCW if undertaken by a
3 private entity;

4 (7) Any person who is a lessor of machinery and equipment, the
5 rental of which is exempt from the tax imposed by RCW 82.08.020 under
6 RCW 82.08.02565, with respect to the sale of or charge made for
7 tangible personal property consumed in respect to repairing the
8 machinery and equipment, if the tangible personal property has a useful
9 life of less than one year. Nothing contained in this or any other
10 subsection of this section (~~shall~~) may be construed to modify any
11 other definition of "consumer";

12 (8) Any person engaged in the business of cleaning up for the
13 United States, or its instrumentalities, radioactive waste and other
14 by-products of weapons production and nuclear research and development;

15 (9) Any person who is an owner, lessee, or has the right of
16 possession of tangible personal property that, under the terms of an
17 extended warranty as defined in RCW 82.04.050(7), has been repaired or
18 is replacement property, but only with respect to the sale of or charge
19 made for the repairing of the tangible personal property or the
20 replacement property;

21 (10) Any person who purchases, acquires, or uses services described
22 in RCW 82.04.050(6)(b) other than for resale in the regular course of
23 business; (~~and~~)

24 (11)(a) Any end user of a digital product or digital code.

25 (b)(i) For purposes of this subsection, "end user" means any
26 taxpayer as defined in RCW 82.12.010 other than a taxpayer who receives
27 by contract a digital product for further commercial broadcast,
28 rebroadcast, transmission, retransmission, licensing, relicensing,
29 distribution, redistribution or exhibition of the product, in whole or
30 in part, to others. A person that purchases digital products or
31 digital codes for the purpose of giving away such products or codes
32 will not be considered to have engaged in the distribution or
33 redistribution of such products or codes and will be treated as an end
34 user;

35 (ii) If a purchaser of a digital code does not receive the
36 contractual right to further redistribute, after the digital code is
37 redeemed, the underlying digital product to which the digital code
38 relates, then the purchaser of the digital code is an end user. If the

1 purchaser of the digital code receives the contractual right to further
2 redistribute, after the digital code is redeemed, the underlying
3 digital product to which the digital code relates, then the purchaser
4 of the digital code is not an end user. A purchaser of a digital code
5 who has the contractual right to further redistribute the digital code
6 is an end user if that purchaser does not have the right to further
7 redistribute, after the digital code is redeemed, the underlying
8 digital product to which the digital code relates; and

9 (12) Any person who provides services described in RCW
10 82.04.050(9). Any such person is a consumer with respect to the
11 purchase, acquisition, or use of the tangible personal property that
12 the person provides along with an operator in rendering services
13 defined as a retail sale in RCW 82.04.050(9). Any such person may also
14 be a consumer under other provisions of this section.

15 **Sec. 104.** RCW 82.04.360 and 1991 c 324 s 19 and 1991 c 275 s 2 are
16 each reenacted and amended to read as follows:

17 (1) This chapter (~~(shall)~~) does not apply to any person in respect
18 to his or her employment in the capacity of an employee or servant as
19 distinguished from that of an independent contractor. For the purposes
20 of this section, the definition of employee shall include those persons
21 that are defined in section 3121(d)(3)(B) of the Internal Revenue Code
22 of 1986, as amended through January 1, 1991.

23 (2) A booth renter(~~(, as defined by RCW 18.16.020,)~~) is an
24 independent contractor for purposes of this chapter. For purposes of
25 this subsection, "booth renter" means any person who:

26 (a) Performs cosmetology, barbering, esthetics, or manicuring
27 services for which a license is required under chapter 18.16 RCW; and

28 (b) Pays a fee for the use of salon or shop facilities and receives
29 no compensation or other consideration from the owner of the salon or
30 shop for the services performed.

31 **Sec. 105.** RCW 82.04.3651 and 1999 c 358 s 3 are each amended to
32 read as follows:

33 (1) This chapter does not apply to amounts received from
34 fundraising activities by nonprofit organizations, as defined in
35 subsection (2) of this section, (~~(for fund raising activities)~~) and
36 libraries as defined in RCW 27.12.010.

1 (2) As used in this section, a "nonprofit organization" means:

2 (a) An organization exempt from tax under section 501(c) (3), (4),
3 or (10) of the federal internal revenue code (26 U.S.C. Sec. 501(c)
4 (3), (4), or (10));

5 (b) A nonprofit organization that would qualify under (a) of this
6 subsection except that it is not organized as a nonprofit corporation;
7 or

8 (c) A nonprofit organization that meets all of the following
9 criteria:

10 (i) The members, stockholders, officers, directors, or trustees of
11 the organization do not receive any part of the organization's gross
12 income, except as payment for services rendered;

13 (ii) The compensation received by any person for services rendered
14 to the organization does not exceed an amount reasonable under the
15 circumstances; and

16 (iii) The activities of the organization do not include a
17 substantial amount of political activity, including but not limited to
18 influencing legislation and participation in any campaign on behalf of
19 any candidate for political office.

20 (3) As used in this section, the term "fund-raising activity" means
21 soliciting or accepting contributions of money or other property or
22 activities involving the anticipated exchange of goods or services for
23 money between the soliciting organization and the organization or
24 person solicited, for the purpose of furthering the goals of the
25 nonprofit organization. "Fund-raising activity" does not include the
26 operation of a regular place of business in which sales are made during
27 regular hours such as a bookstore, thrift shop, restaurant, or similar
28 business or the operation of a regular place of business from which
29 services are provided or performed during regular hours such as the
30 provision of retail, personal, or professional services. The sale of
31 used books, used videos, used sound recordings, or similar used
32 information products in a library, as defined in RCW 27.12.010, is not
33 the operation of a regular place of business for the purposes of this
34 section, if the proceeds of the sales are used to support the library.

35 **Sec. 106.** RCW 82.04.394 and 1998 c 338 s 2 are each amended to
36 read as follows:

37 (1) This chapter does not apply to amounts received by a property

1 management company from the owner of a property for gross wages and
2 benefits paid directly to or on behalf of on-site personnel from
3 property management trust accounts that are required to be maintained
4 under RCW (~~(18.85.310)~~) 18.85.285.

5 (2) As used in this section, "on-site personnel" means a person who
6 meets all of the following conditions: (a) The person works primarily
7 at the owner's property; (b) the person's duties include leasing
8 property units, maintaining the property, collecting rents, or similar
9 activities; and (c) under a written property management agreement: (i)
10 The person's compensation is the ultimate obligation of the property
11 owner and not the property manager; (ii) the property manager is liable
12 for payment only as agent of the owner; and (iii) the property manager
13 is the agent of the owner with respect to the on-site personnel and
14 that all actions, including, but not limited to, hiring, firing,
15 compensation, and conditions of employment, taken by the property
16 manager with respect to the on-site personnel are subject to the
17 approval of the property owner.

18 **Sec. 107.** RCW 82.08.0256 and 2009 c 535 s 509 are each amended to
19 read as follows:

20 The tax levied by RCW 82.08.020 does not apply to sales (including
21 transfers of title through decree of appropriation) heretofore or
22 hereafter made of the entire operating property of a publicly or
23 privately owned public utility, or of a complete operating integral
24 section thereof, to the state or a political subdivision thereof for
25 use in conducting any public service business as defined in RCW
26 82.16.010 (~~((1), (2), (3), (4), (5), (6), (7), (8), (9), (10) or~~
27 ~~(11))~~). For purposes of this section, "operating property" includes
28 digital goods and digital codes.

29 **Sec. 108.** RCW 82.08.02573 and 1998 c 336 s 3 are each amended to
30 read as follows:

31 The tax levied by RCW 82.08.020 does not apply to a sale made by a
32 nonprofit organization or a library, if the gross income from the sale
33 is exempt under RCW 82.04.3651.

34 **Sec. 109.** RCW 82.08.0273 and 2009 c 535 s 512 are each amended to
35 read as follows:

1 (1) The tax levied by RCW 82.08.020 does not apply to sales to
2 nonresidents of this state of tangible personal property, digital
3 goods, and digital codes, when such property is for use outside this
4 state, and the purchaser (a) is a bona fide resident of a state or
5 possession or Province of Canada other than the state of Washington and
6 such state, possession, or Province of Canada does not impose a retail
7 sales tax or use tax of three percent or more or, if imposing such a
8 tax, permits Washington residents exemption from otherwise taxable
9 sales by reason of their residence, and (b) agrees, when requested, to
10 grant the department of revenue access to such records and other forms
11 of verification at his or her place of residence to assure that such
12 purchases are not first used substantially in the state of Washington.

13 (2) Notwithstanding anything to the contrary in this chapter, if
14 parts or other tangible personal property are installed by the seller
15 during the course of repairing, cleaning, altering, or improving motor
16 vehicles, trailers, or campers and the seller makes a separate charge
17 for the tangible personal property, the tax levied by RCW 82.08.020
18 does not apply to the separately stated charge to a nonresident
19 purchaser for the tangible personal property but only if the separately
20 stated charge does not exceed either the seller's current publicly
21 stated retail price for the tangible personal property or, if no
22 publicly stated retail price is available, the seller's cost for the
23 tangible personal property. However, the exemption provided by this
24 section does not apply if tangible personal property is installed by
25 the seller during the course of repairing, cleaning, altering, or
26 improving motor vehicles, trailers, or campers and the seller makes a
27 single nonitemized charge for providing the tangible personal property
28 and service. All of the requirements in subsections (1) and (3)
29 through (6) of this section apply to this subsection.

30 (3)(a) Any person claiming exemption from retail sales tax under
31 the provisions of this section must display proof of his or her current
32 nonresident status as provided in this section.

33 (b) Acceptable proof of a nonresident person's status includes one
34 piece of identification such as a valid driver's license from the
35 jurisdiction in which the out-of-state residency is claimed or a valid
36 identification card which has a photograph of the holder and is issued
37 by the out-of-state jurisdiction. Identification under this subsection

1 (3)(b) must show the holder's residential address and have as one of
2 its legal purposes the establishment of residency in that out-of-state
3 jurisdiction.

4 (c) In lieu of furnishing proof of a person's nonresident status
5 under (b) of this subsection (3), a person claiming exemption from
6 retail sales tax under the provisions of this section may provide the
7 seller with an exemption certificate in compliance with subsection
8 (4)(b) of this section.

9 (4)(a) Nothing in this section requires the vendor to make tax
10 exempt retail sales to nonresidents. A vendor may choose to make sales
11 to nonresidents, collect the sales tax, and remit the amount of sales
12 tax collected to the state as otherwise provided by law. If the vendor
13 chooses to make a sale to a nonresident without collecting the sales
14 tax, the vendor (~~(shall, in good faith,)~~) must examine the purchaser's
15 proof of nonresidence, determine whether the proof is acceptable under
16 subsection (3)(b) of this section, and maintain records for each
17 nontaxable sale which shall show the type of proof accepted, including
18 any identification numbers where appropriate, and the expiration date,
19 if any.

20 (b) In lieu of using the method provided in (a) of this subsection
21 to document an exempt sale to a nonresident, a seller may accept from
22 the purchaser a properly completed uniform exemption certificate
23 approved by the streamlined sales and use tax agreement governing board
24 or any other exemption certificate as may be authorized by the
25 department and properly completed by the purchaser. A nonresident
26 purchaser who uses an exemption certificate authorized in this
27 subsection (4)(b) must include the purchaser's driver's license number
28 or other state-issued identification number and the state of issuance.

29 (c) In lieu of using the methods provided in (a) and (b) of this
30 subsection to document an exempt sale to a nonresident, a seller may
31 capture the relevant data elements as allowed under the streamlined
32 sales and use tax agreement.

33 (5)(a) Any person making fraudulent statements, which includes the
34 offer of fraudulent identification or fraudulently procured
35 identification to a vendor, in order to purchase goods without paying
36 retail sales tax is guilty of perjury under chapter 9A.72 RCW.

37 (b) Any person making tax exempt purchases under this section by
38 displaying proof of identification not his or her own, or counterfeit

1 identification, with intent to violate the provisions of this section,
2 is guilty of a misdemeanor and, in addition, is liable for the tax and
3 subject to a penalty equal to the greater of one hundred dollars or the
4 tax due on such purchases.

5 (6)(a) Any vendor who makes sales without collecting the tax (~~to~~
6 ~~a person who does not hold valid identification establishing out-of-~~
7 ~~state residency, and any vendor~~) and who fails to maintain records of
8 sales to nonresidents as provided in this section(~~(7)~~) is personally
9 liable for the amount of tax due.

10 (b) Any vendor who makes sales without collecting the retail sales
11 tax under this section and who has actual knowledge that the
12 purchaser's proof of identification establishing out-of-state residency
13 is fraudulent is guilty of a misdemeanor and, in addition, is liable
14 for the tax and subject to a penalty equal to the greater of one
15 thousand dollars or the tax due on such sales. In addition, both the
16 purchaser and the vendor are liable for any penalties and interest
17 assessable under chapter 82.32 RCW.

18 **Sec. 110.** RCW 82.08.700 and 2007 c 22 s 1 are each amended to read
19 as follows:

20 (1) The tax levied by RCW 82.08.020 does not apply to sales to
21 nonresident individuals of vessels thirty feet or longer if an
22 individual purchasing a vessel purchases and displays a valid use
23 permit.

24 (2)(a) An individual claiming exemption from retail sales tax under
25 this section must display proof of his or her current nonresident
26 status at the time of purchase.

27 (b) Acceptable proof of a nonresident individual's status includes
28 one piece of identification such as a valid driver's license from the
29 jurisdiction in which the out-of-state residency is claimed or a valid
30 identification card that has a photograph of the holder and is issued
31 by the out-of-state jurisdiction. Identification under this subsection
32 (2)(b) must show the holder's residential address and have as one of
33 its legal purposes the establishment of residency in that out-of-state
34 jurisdiction.

35 (3) Nothing in this section requires the vessel dealer to make tax
36 exempt retail sales to nonresidents. A dealer may choose to make sales
37 to nonresidents, collect the sales tax, and remit the amount of sales

1 tax collected to the state as otherwise provided by law. If the dealer
2 chooses to make a sale to a nonresident without collecting the sales
3 tax, the vendor (~~((shall, in good faith,))~~) must examine the proof of
4 nonresidence, determine whether the proof is acceptable under
5 subsection (2)(b) of this section, and maintain records for each
6 nontaxable sale that shows the type of proof accepted, including any
7 identification numbers where appropriate, and the expiration date, if
8 any.

9 (4) A vessel dealer shall issue a use permit to a buyer if the
10 dealer is satisfied that the buyer is a nonresident. The use permit
11 (~~((shall))~~) must be in a form and manner required by the department and
12 (~~((shall))~~) must include an affidavit, signed by the purchaser, declaring
13 that the vessel will be used in a manner consistent with this section.
14 The fee for the issuance of a use permit is five hundred dollars for
15 vessels fifty feet in length or less and eight hundred dollars for
16 vessels greater than fifty feet in length. Funds collected under this
17 section and RCW 82.12.700 (~~((shall))~~) must be reported on the dealer's
18 excise tax return and remitted to the department in accordance with RCW
19 82.32.045. The department (~~((shall))~~) must transmit the fees to the
20 state treasurer to be deposited in the state general fund. The use
21 permit must be displayed on the vessel and is valid for twelve
22 consecutive months from the date of issuance. A use permit is not
23 renewable. A purchaser at the time of purchase must make an
24 irrevocable election to take the exemption authorized in this section
25 or the exemption in either RCW 82.08.0266 or 82.08.02665. A vessel
26 dealer must maintain a copy of the use permit for the dealer's records.
27 Vessel dealers must provide copies of use permits issued by the dealer
28 under this section and RCW 82.12.700 to the department on a quarterly
29 basis.

30 (5) A nonresident who claims an exemption under this section and
31 who uses a vessel in this state after his or her use permit for that
32 vessel has expired is liable for the tax imposed under RCW 82.08.020 on
33 the original selling price of the vessel and (~~((shall))~~) must pay the tax
34 directly to the department. Interest at the rate provided in RCW
35 82.32.050 applies to amounts due under this subsection, retroactively
36 to the date the vessel was purchased, and accrues until the full amount
37 of tax due is paid to the department.

1 (6) Any vessel dealer who makes sales without collecting the tax to
2 a person who does not hold valid identification establishing
3 out-of-state residency, and any dealer who fails to maintain records of
4 sales to nonresidents as provided in this section, is personally liable
5 for the amount of tax due.

6 (7) Chapter 82.32 RCW applies to the administration of the fee
7 imposed in this section and RCW 82.12.700.

8 (8) A vessel dealer that issues use permits under this section and
9 RCW 82.12.700 must file with the department all returns in an
10 electronic format as provided or approved by the department. As used
11 in this subsection, "returns" has the same meaning as "return" in RCW
12 82.32.050.

13 (a) Any return required to be filed in an electronic format under
14 this subsection is not filed until received by the department in an
15 electronic format provided or approved by the department.

16 (b) The electronic filing requirement in this subsection ends when
17 a vessel dealer no longer issues use permits, and the dealer has
18 electronically filed all of its returns reporting the fees collected
19 under this section and RCW 82.12.700.

20 (c) The department may waive the electronic filing requirement in
21 this subsection for good cause shown.

22 **Sec. 111.** RCW 82.12.0257 and 2009 c 535 s 611 are each amended to
23 read as follows:

24 The provisions of this chapter do not apply in respect to the use
25 of any article of personal property included within the transfer of the
26 title to the entire operating property of a publicly or privately owned
27 public utility, or of a complete operating integral section thereof, by
28 the state or a political subdivision thereof in conducting any public
29 service business as defined in RCW 82.16.010 (~~((1), (2), (3), (4), (5),~~
30 ~~(6), (7), (8), (9), (10), or (11))~~). For the purposes of this section,
31 "operating property" includes digital goods and digital codes.

32 **Sec. 112.** RCW 82.12.040 and 2009 c 535 s 1108 are each amended to
33 read as follows:

34 (1) Every person who maintains in this state a place of business or
35 a stock of goods, or engages in business activities within this state,
36 shall obtain from the department a certificate of registration, and

1 shall, at the time of making sales of tangible personal property,
2 digital goods, digital codes, digital automated services, extended
3 warranties, or sales of any service defined as a retail sale in RCW
4 82.04.050 (2) (a) or (g), (3)(a), or (6)(b), or making transfers of
5 either possession or title, or both, of tangible personal property for
6 use in this state, collect from the purchasers or transferees the tax
7 imposed under this chapter. The tax to be collected under this section
8 must be in an amount equal to the purchase price multiplied by the rate
9 in effect for the retail sales tax under RCW 82.08.020. For the
10 purposes of this chapter, the phrase "maintains in this state a place
11 of business" shall include the solicitation of sales and/or taking of
12 orders by sales agents or traveling representatives. For the purposes
13 of this chapter, "engages in business activity within this state"
14 includes every activity which is sufficient under the Constitution of
15 the United States for this state to require collection of tax under
16 this chapter. The department must in rules specify activities which
17 constitute engaging in business activity within this state, and must
18 keep the rules current with future court interpretations of the
19 Constitution of the United States.

20 (2) Every person who engages in this state in the business of
21 acting as an independent selling agent for persons who do not hold a
22 valid certificate of registration, and who receives compensation by
23 reason of sales of tangible personal property, digital goods, digital
24 codes, digital automated services, extended warranties, or sales of any
25 service defined as a retail sale in RCW 82.04.050 (2) (a) or (g),
26 (3)(a), or (6)(b), of his or her principals for use in this state,
27 must, at the time such sales are made, collect from the purchasers the
28 tax imposed on the purchase price under this chapter, and for that
29 purpose (~~shall be~~) is deemed a retailer as defined in this chapter.

30 (3) The tax required to be collected by this chapter is deemed to
31 be held in trust by the retailer until paid to the department, and any
32 retailer who appropriates or converts the tax collected to the
33 retailer's own use or to any use other than the payment of the tax
34 provided herein to the extent that the money required to be collected
35 is not available for payment on the due date as prescribed is guilty of
36 a misdemeanor. In case any seller fails to collect the tax herein
37 imposed or having collected the tax, fails to pay the same to the
38 department in the manner prescribed, whether such failure is the result

1 of the seller's own acts or the result of acts or conditions beyond the
2 seller's control, the seller is nevertheless personally liable to the
3 state for the amount of such tax, unless the seller has taken from the
4 buyer (~~in good faith~~) a copy of a direct pay permit issued under RCW
5 82.32.087.

6 (4) Any retailer who refunds, remits, or rebates to a purchaser, or
7 transferee, either directly or indirectly, and by whatever means, all
8 or any part of the tax levied by this chapter is guilty of a
9 misdemeanor.

10 (5) Notwithstanding subsections (1) through (4) of this section,
11 any person making sales is not obligated to collect the tax imposed by
12 this chapter if:

13 (a) The person's activities in this state, whether conducted
14 directly or through another person, are limited to:

15 (i) The storage, dissemination, or display of advertising;

16 (ii) The taking of orders; or

17 (iii) The processing of payments; and

18 (b) The activities are conducted electronically via a web site on
19 a server or other computer equipment located in Washington that is not
20 owned or operated by the person making sales into this state nor owned
21 or operated by an affiliated person. "Affiliated persons" has the same
22 meaning as provided in RCW 82.04.424.

23 (6) Subsection (5) of this section expires when: (a) The United
24 States congress grants individual states the authority to impose sales
25 and use tax collection duties on remote sellers; or (b) it is
26 determined by a court of competent jurisdiction, in a judgment not
27 subject to review, that a state can impose sales and use tax collection
28 duties on remote sellers.

29 (7) Notwithstanding subsections (1) through (4) of this section,
30 any person making sales is not obligated to collect the tax imposed by
31 this chapter if the person would have been obligated to collect retail
32 sales tax on the sale absent a specific exemption provided in chapter
33 82.08 RCW, and there is no corresponding use tax exemption in this
34 chapter. Nothing in this subsection (7) may be construed as relieving
35 purchasers from liability for reporting and remitting the tax due under
36 this chapter directly to the department.

1 **Sec. 113.** RCW 82.16.010 and 2009 c 535 s 1110 and 2009 c 469 s 701
2 are each reenacted and amended to read as follows:

3 For the purposes of this chapter, unless otherwise required by the
4 context:

5 (1) "Express business" means the business of carrying property for
6 public hire on the line of any common carrier operated in this state,
7 when such common carrier is not owned or leased by the person engaging
8 in such business.

9 (2) "Gas distribution business" means the business of operating a
10 plant or system for the production or distribution for hire or sale of
11 gas, whether manufactured or natural.

12 (3) "Gross income" means the value proceeding or accruing from the
13 performance of the particular public service or transportation business
14 involved, including operations incidental thereto, but without any
15 deduction on account of the cost of the commodity furnished or sold,
16 the cost of materials used, labor costs, interest, discount, delivery
17 costs, taxes, or any other expense whatsoever paid or accrued and
18 without any deduction on account of losses.

19 (4) "Light and power business" means the business of operating a
20 plant or system for the generation, production or distribution of
21 electrical energy for hire or sale and/or for the wheeling of
22 electricity for others.

23 (5) "Log transportation business" means the business of
24 transporting logs by truck, (~~other than~~) except when such
25 transportation meets the definition of urban transportation business or
26 occurs exclusively upon private roads.

27 (6) "Motor transportation business" means the business (except
28 urban transportation business) of operating any motor propelled vehicle
29 by which persons or property of others are conveyed for hire, and
30 includes, but is not limited to, the operation of any motor propelled
31 vehicle as an auto transportation company (except urban transportation
32 business), common carrier, or contract carrier as defined by RCW
33 81.68.010 and 81.80.010. However, "motor transportation business" does
34 not mean or include: (a) A log transportation business; or (b) the
35 transportation of logs or other forest products exclusively upon
36 private roads or private highways.

37 (7)(a) "Public service business" means any of the businesses
38 defined in subsections (1), (2), (4), (6), (8), (9), (10), (12), and

1 (13) of this section or any business subject to control by the state,
2 or having the powers of eminent domain and the duties incident thereto,
3 or any business hereafter declared by the legislature to be of a public
4 service nature, except telephone business and low-level radioactive
5 waste site operating companies as redefined in RCW 81.04.010. It
6 includes, among others, without limiting the scope hereof: Airplane
7 transportation, boom, dock, ferry, pipe line, toll bridge, toll logging
8 road, water transportation and wharf businesses.

9 (b) The definitions in this subsection (7)(b) apply throughout this
10 subsection (7).

11 (i) "Competitive telephone service" has the same meaning as in RCW
12 82.04.065.

13 (ii) "Network telephone service" means the providing by any person
14 of access to a telephone network, telephone network switching service,
15 toll service, or coin telephone services, or the providing of
16 telephonic, video, data, or similar communication or transmission for
17 hire, via a telephone network, toll line or channel, cable, microwave,
18 or similar communication or transmission system. "Network telephone
19 service" includes the provision of transmission to and from the site of
20 an internet provider via a telephone network, toll line or channel,
21 cable, microwave, or similar communication or transmission system.
22 "Network telephone service" does not include the providing of
23 competitive telephone service, the providing of cable television
24 service, the providing of broadcast services by radio or television
25 stations, nor the provision of internet access as defined in RCW
26 82.04.297, including the reception of dial-in connection, provided at
27 the site of the internet service provider.

28 (iii) "Telephone business" means the business of providing network
29 telephone service. It includes cooperative or farmer line telephone
30 companies or associations operating an exchange.

31 (iv) "Telephone service" means competitive telephone service or
32 network telephone service, or both, as defined in (b)(i) and (ii) of
33 this subsection.

34 (8) "Railroad business" means the business of operating any
35 railroad, by whatever power operated, for public use in the conveyance
36 of persons or property for hire. It shall not, however, include any
37 business herein defined as an urban transportation business.

1 (9) "Railroad car business" means the business of operating stock
2 cars, furniture cars, refrigerator cars, fruit cars, poultry cars, tank
3 cars, sleeping cars, parlor cars, buffet cars, tourist cars, or any
4 other kinds of cars used for transportation of property or persons upon
5 the line of any railroad operated in this state when such railroad is
6 not owned or leased by the person engaging in such business.

7 (10) "Telegraph business" means the business of affording
8 telegraphic communication for hire.

9 (11) "Tugboat business" means the business of operating tugboats,
10 towboats, wharf boats or similar vessels in the towing or pushing of
11 vessels, barges or rafts for hire.

12 (12) "Urban transportation business" means the business of
13 operating any vehicle for public use in the conveyance of persons or
14 property for hire, insofar as (a) operating entirely within the
15 corporate limits of any city or town, or within five miles of the
16 corporate limits thereof, or (b) operating entirely within and between
17 cities and towns whose corporate limits are not more than five miles
18 apart or within five miles of the corporate limits of either thereof.
19 Included herein, but without limiting the scope hereof, is the business
20 of operating passenger vehicles of every type and also the business of
21 operating cartage, pickup, or delivery services, including in such
22 services the collection and distribution of property arriving from or
23 destined to a point within or without the state, whether or not such
24 collection or distribution be made by the person performing a local or
25 interstate line-haul of such property.

26 (13) "Water distribution business" means the business of operating
27 a plant or system for the distribution of water for hire or sale.

28 (14) The meaning attributed, in chapter 82.04 RCW, to the term "tax
29 year," "person," "value proceeding or accruing," "business," "engaging
30 in business," "in this state," "within this state," "cash discount" and
31 "successor" (~~shall apply~~) applies equally in the provisions of this
32 chapter.

33 **Sec. 114.** RCW 82.16.110 and 2009 c 469 s 504 are each amended to
34 read as follows:

35 The definitions in this section apply throughout this chapter
36 unless the context clearly requires otherwise.

37 (1)(a) "Community solar project" means:

1 (i) A solar energy system owned by local individuals, households,
2 nonprofit organizations, or nonutility businesses that is placed on the
3 property owned by a cooperating local governmental entity that is not
4 in the light and power business or in the gas distribution business; or

5 (ii) A utility-owned solar energy system that is voluntarily funded
6 by the utility's ratepayers where, in exchange for their financial
7 support, the utility gives contributors a payment or credit on their
8 utility bill for the value of the electricity produced by the project.

9 (b) For the purposes of "community solar project" as defined in (a)
10 of this subsection:

11 (i) "Nonprofit organization" means an organization exempt from
12 taxation under Title 26 U.S.C. Sec. 501(c)(3) of the federal internal
13 revenue code of 1986, as amended, as of January 1, 2009; and

14 (ii) "Utility" means a light and power business, an electric
15 cooperative, or a mutual corporation that provides electricity service.

16 (2) "Customer-generated electricity" means a community solar
17 project or the alternating current electricity that is generated from
18 a renewable energy system located on an individual's, businesses', or
19 local government's real property that is also provided electricity
20 generated by a light and power business. Except for community solar
21 projects, a system located on a leasehold interest does not qualify
22 under this definition. Except for utility-owned community solar
23 projects, "customer-generated electricity" does not include electricity
24 generated by a light and power business with greater than one thousand
25 megawatt hours of annual sales or a gas distribution business.

26 (3) "Economic development kilowatt-hour" means the actual kilowatt-
27 hour measurement of customer-generated electricity multiplied by the
28 appropriate economic development factor.

29 (4) "Local governmental entity" means any unit of local government
30 of this state including, but not limited to, counties, cities, towns,
31 municipal corporations, quasi-municipal corporations, special purpose
32 districts, and school districts.

33 (5) "Photovoltaic cell" means a device that converts light directly
34 into electricity without moving parts.

35 (6) "Renewable energy system" means a solar energy system, an
36 anaerobic digester as defined in RCW 82.08.900, or a wind generator
37 used for producing electricity.

1 (7) "Solar energy system" means any device or combination of
2 devices or elements that rely upon direct sunlight as an energy source
3 for use in the generation of electricity.

4 (8) "Solar inverter" means the device used to convert direct
5 current to alternating current in a photovoltaic cell system.

6 (9) "Solar module" means the smallest nondivisible self-contained
7 physical structure housing interconnected photovoltaic cells and
8 providing a single direct current electrical output.

9 **Sec. 115.** RCW 82.32.080 and 2009 c 176 s 2 are each amended to
10 read as follows:

11 (1) When authorized by the department, payment of the tax may be
12 made by uncertified check under such rules as the department
13 prescribes, but, if a check so received is not paid by the bank on
14 which it is drawn, the taxpayer, by whom such check is tendered, will
15 remain liable for payment of the tax and for all legal penalties, the
16 same as if such check had not been tendered.

17 (2)(a) Except as otherwise provided in this subsection, payment of
18 the tax must be made by electronic funds transfer, as defined in RCW
19 82.32.085, if the taxpayer is required to file and remit its taxes on
20 a monthly basis. As an alternative to electronic funds transfer, the
21 department may authorize other forms of electronic payment, such as
22 credit card and e-check. All taxes administered by this chapter are
23 subject to this requirement except the taxes authorized by chapters
24 82.14A, 82.14B, 82.24, (~~82.27,~~) 82.29A, and 84.33 RCW. It is the
25 intent of this subsection to require electronic payment for those taxes
26 reported on the department's combined excise tax return or any
27 successor return. The mandatory electronic payment requirement in this
28 subsection also applies to taxpayers who meet the threshold for filing
29 and remitting taxes on a monthly basis as established by rule of the
30 department but for whom the department has authorized a less frequent
31 reporting frequency, when such authorization became effective on or
32 after July 26, 2009.

33 (b) The department, for good cause, may waive the electronic
34 payment requirement in this subsection for any taxpayer. In the
35 discretion of the department, a waiver under this subsection may be
36 made temporary or permanent, and may be made on the department's own
37 motion.

1 (c) The department is authorized to accept payment of taxes by
2 electronic funds transfer or other acceptable forms of electronic
3 payment from taxpayers that are not subject to the mandatory electronic
4 payment requirements in this subsection.

5 (3)(a) Except as otherwise provided in this subsection, returns
6 must be filed electronically using the department's online tax filing
7 service, if the taxpayer is required to file and remit its taxes on a
8 monthly basis. The mandatory electronic filing requirement in this
9 subsection also applies to taxpayers who meet the threshold for filing
10 and remitting taxes on a monthly basis as established by rule of the
11 department but for whom the department has authorized a less frequent
12 reporting frequency, when such authorization became effective on or
13 after July 26, 2009.

14 (b) The department, for good cause, may waive the electronic filing
15 requirement in this subsection for any taxpayer. In the discretion of
16 the department, a waiver under this subsection may be made temporary or
17 permanent, and may be made on the department's own motion.

18 (c) The department is authorized to (~~accept payment of taxes by~~
19 ~~electronic funds transfer or other acceptable forms of electronic~~
20 ~~payment~~) allow electronic filing of returns from taxpayers that are
21 not subject to the mandatory electronic (~~payment~~) filing requirements
22 in this subsection.

23 (4)(a)(i) The department, for good cause shown, may extend the time
24 for making and filing any return, and may grant such reasonable
25 additional time within which to make and file returns as it may deem
26 proper, but any permanent extension granting the taxpayer a reporting
27 date without penalty more than ten days beyond the due date, and any
28 extension in excess of thirty days must be conditional on deposit with
29 the department of an amount to be determined by the department which
30 shall be approximately equal to the estimated tax liability for the
31 reporting period or periods for which the extension is granted. In the
32 case of a permanent extension or a temporary extension of more than
33 thirty days the deposit must be deposited within the state treasury
34 with other tax funds and a credit recorded to the taxpayer's account
35 which may be applied to taxpayer's liability upon cancellation of the
36 permanent extension or upon reporting of the tax liability where an
37 extension of more than thirty days has been granted.

1 (ii) The department must review the requirement for deposit at
2 least annually and may require a change in the amount of the deposit
3 required when it believes that such amount does not approximate the tax
4 liability for the reporting period or periods for which the extension
5 is granted.

6 (b) During a state of emergency declared under RCW 43.06.010(12),
7 the department, on its own motion or at the request of any taxpayer
8 affected by the emergency, may extend the time for making or filing any
9 return as the department deems proper. The department may not require
10 any deposit as a condition for granting an extension under this
11 subsection (4)(b).

12 (5) The department must keep full and accurate records of all funds
13 received and disbursed by it. Subject to the provisions of RCW
14 82.32.105 and 82.32.350, the department must apply the payment of the
15 taxpayer first against penalties and interest, and then upon the tax,
16 without regard to any direction of the taxpayer.

17 (6) The department may refuse to accept any return that is not
18 accompanied by a remittance of the tax shown to be due thereon or that
19 is not filed electronically as required in this section. When such
20 return is not accepted, the taxpayer is deemed to have failed or
21 refused to file a return and is subject to the procedures provided in
22 RCW 82.32.100 and to the penalties provided in RCW 82.32.090. The
23 above authority to refuse to accept a return may not apply when a
24 return is timely filed electronically and a timely payment has been
25 made by electronic funds transfer or other form of electronic payment
26 as authorized by the department.

27 (7) Except for returns and remittances required to be transmitted
28 to the department electronically under this section and except as
29 otherwise provided in this chapter, a return or remittance that is
30 transmitted to the department by United States mail is deemed filed or
31 received on the date shown by the post office cancellation mark stamped
32 upon the envelope containing it. A return or remittance that is
33 transmitted to the department electronically is deemed filed or
34 received according to procedures set forth by the department.

35 (8)(a) For purposes of subsections (2) and (3) of this section,
36 "good cause" means the inability of a taxpayer to comply with the
37 requirements of subsection (2) or (3) of this section because:

1 (i) The taxpayer does not have the equipment or software necessary
2 to enable the taxpayer to comply with subsection (2) or (3) of this
3 section;

4 (ii) The equipment or software necessary to enable the taxpayer to
5 comply with subsection (2) or (3) of this section is not functioning
6 properly;

7 (iii) The taxpayer does not have access to the internet using the
8 taxpayer's own equipment;

9 (iv) The taxpayer does not have a bank account or a credit card;

10 (v) The taxpayer's bank is unable to send or receive electronic
11 funds transfer transactions; or

12 (vi) Some other circumstance or condition exists that, in the
13 department's judgment, prevents the taxpayer from complying with the
14 requirements of subsection (2) or (3) of this section.

15 (b) "Good cause" also includes any circumstance that, in the
16 department's judgment, supports the efficient or effective
17 administration of the tax laws of this state, including providing
18 relief from the requirements of subsection (2) or (3) of this section
19 to any taxpayer that is voluntarily collecting and remitting this
20 state's sales or use taxes on sales to Washington customers but has no
21 legal requirement to be registered with the department.

22 **Sec. 116.** RCW 82.32.520 and 2007 c 54 s 18 and 2007 c 6 s 1001 are
23 each reenacted and amended to read as follows:

24 (1) Except for the defined telecommunications services listed in
25 subsection (3) of this section, the sale of telecommunications service
26 as defined in RCW 82.04.065 sold on a call-by-call basis shall be
27 sourced to (a) each level of taxing jurisdiction where the call
28 originates and terminates in that jurisdiction or (b) each level of
29 taxing jurisdiction where the call either originates or terminates and
30 in which the service address is also located.

31 (2) Except for the defined telecommunications services listed in
32 subsection (3) of this section, a sale of telecommunications service as
33 defined in RCW 82.04.065 sold on a basis other than a call-by-call
34 basis, is sourced to the customer's place of primary use.

35 (3) The sales of telecommunications service as defined in RCW
36 82.04.065 that are listed in subsection (3) of this section (~~shall~~)
37 must be sourced to each level of taxing jurisdiction as follows:

1 (a) A sale of mobile telecommunications services, other than air-
2 ground radiotelephone service and prepaid calling service, is sourced
3 to the customer's place of primary use as required by RCW 82.08.066.

4 (b) A sale of postpaid calling service is sourced to the
5 origination point of the telecommunications signal as first identified
6 by either (i) the seller's telecommunications system, or (ii)
7 information received by the seller from its service provider, where the
8 system used to transport such signals is not that of the seller.

9 (c) A sale of prepaid calling service or a sale of a prepaid
10 wireless calling service is sourced as follows:

11 (i) When a prepaid calling service or a prepaid wireless calling
12 service is received by the purchaser at a business location of the
13 seller, the sale is sourced to that business location;

14 (ii) When a prepaid calling service or a prepaid wireless calling
15 service is not received by the purchaser at a business location of the
16 seller, the sale is sourced to the location where receipt by the
17 purchaser or the purchaser's donee, designated as such by the
18 purchaser, occurs, including the location indicated by instructions for
19 delivery to the purchaser or donee, known to the seller;

20 (iii) When (c)(i) and (ii) of this subsection do not apply, the
21 sale is sourced to the location indicated by an address for the
22 purchaser that is available from the business records of the seller
23 that are maintained in the ordinary course of the seller's business
24 when use of this address does not constitute bad faith;

25 (iv) When (c)(i), (ii), and (iii) of this subsection do not apply,
26 the sale is sourced to the location indicated by an address for the
27 purchaser obtained during the consummation of the sale, including the
28 address of a purchaser's payment instrument, if no other address is
29 available, when use of this address does not constitute bad faith;

30 (v) When (c)(i), (ii), (iii), and (iv) of this subsection do not
31 apply, including the circumstance where the seller is without
32 sufficient information to apply those provisions, ~~((then))~~ the
33 ~~((location shall be determined by the address from which tangible~~
34 ~~personal property was shipped, from which the digital good or the~~
35 ~~computer software delivered electronically was first available for~~
36 ~~transmission by the seller, or from which the service defined as a~~
37 ~~retail sale under RCW 82.04.050 was provided, disregarding for these~~

1 ~~purposes any location that merely provided the digital transfer of the~~
2 ~~product sold)) sale is sourced as provided in RCW 82.32.730(1)(e);~~

3 (vi) In the case of a sale of prepaid wireless calling service,
4 (c)(v) of this subsection shall include as an option the location
5 associated with the mobile telephone number.

6 (d) A sale of a private communication service is sourced as
7 follows:

8 (i) Service for a separate charge related to a customer channel
9 termination point is sourced to each level of jurisdiction in which
10 such customer channel termination point is located.

11 (ii) Service where all customer termination points are located
12 entirely within one jurisdiction or levels of jurisdiction is sourced
13 in such jurisdiction in which the customer channel termination points
14 are located.

15 (iii) Service for segments of a channel between two customer
16 channel termination points located in different jurisdictions and which
17 segment of channel are separately charged is sourced fifty percent in
18 each level of jurisdiction in which the customer channel termination
19 points are located.

20 (iv) Service for segments of a channel located in more than one
21 jurisdiction or levels of jurisdiction and which segments are not
22 separately billed is sourced in each jurisdiction based on the
23 percentage determined by dividing the number of customer channel
24 termination points in the jurisdiction by the total number of customer
25 channel termination points.

26 (4) The definitions in this subsection apply throughout this
27 chapter.

28 (a) "Air-ground radiotelephone service" means air-ground radio
29 service, as defined in 47 C.F.R. Sec. 22.99, as amended or renumbered
30 as of January 1, 2003, in which common carriers are authorized to offer
31 and provide radio telecommunications service for hire to subscribers in
32 aircraft.

33 (b) "Call-by-call basis" means any method of charging for
34 telecommunications services where the price is measured by individual
35 calls.

36 (c) "Communications channel" means a physical or virtual path of
37 communications over which signals are transmitted between or among
38 customer channel termination points.

1 (d) "Customer" means the person or entity that contracts with the
2 seller of telecommunications services. If the end user of
3 telecommunications services is not the contracting party, the end user
4 of the telecommunications service is the customer of the
5 telecommunications service. "Customer" does not include a reseller of
6 telecommunications service or for mobile telecommunications service of
7 a serving carrier under an agreement to serve the customer outside the
8 home service provider's licensed service area.

9 (e) "Customer channel termination point" means the location where
10 the customer either inputs or receives the communications.

11 (f) "End user" means the person who uses the telecommunications
12 service. In the case of an entity, the term end user means the
13 individual who uses the service on behalf of the entity.

14 (g) "Home service provider" means the same as that term is defined
15 in RCW 82.04.065.

16 (h) "Mobile telecommunications service" means the same as that term
17 is defined in RCW 82.04.065.

18 (i) "Place of primary use" means the street address representative
19 of where the customer's use of the telecommunications service primarily
20 occurs, which must be the residential street address or the primary
21 business street address of the customer. In the case of mobile
22 telecommunications services, "place of primary use" must be within the
23 licensed service area of the home service provider.

24 (j) "Postpaid calling service" means the telecommunications service
25 obtained by making a payment on a call-by-call basis either through the
26 use of a credit card or payment mechanism such as a bank card, travel
27 card, credit card, or debit card, or by charge made to a telephone
28 number that is not associated with the origination or termination of
29 the telecommunications service. A postpaid calling service includes a
30 telecommunications service, except a prepaid wireless calling service,
31 that would be a prepaid calling service except it is not exclusively a
32 telecommunications service.

33 (k) "Prepaid calling service" means the right to access exclusively
34 telecommunications services, which must be paid for in advance and
35 which enables the origination of calls using an access number and/or
36 authorization code, whether manually or electronically dialed, and that
37 is sold in predetermined units or dollars of which the number declines
38 with use in a known amount.

1 (l) "Prepaid wireless calling service" means a telecommunications
2 service that provides the right to use mobile wireless service as well
3 as other nontelecommunications services, including the download of
4 digital products delivered electronically, content, and ancillary
5 services, which must be paid for in advance that is sold in
6 predetermined units or dollars of which the number declines with use in
7 a known amount.

8 (m) "Private communication service" means a telecommunications
9 service that entitles the customer to exclusive or priority use of a
10 communications channel or group of channels between or among
11 termination points, regardless of the manner in which such channel or
12 channels are connected, and includes switching capacity, extension
13 lines, stations, and any other associated services that are provided in
14 connection with the use of such channel or channels.

15 (n) "Service address" means:

16 (i) The location of the telecommunications equipment to which a
17 customer's call is charged and from which the call originates or
18 terminates, regardless of where the call is billed or paid;

19 (ii) If the location in (n)(i) of this subsection is not known, the
20 origination point of the signal of the telecommunications services
21 first identified by either the seller's telecommunications system or in
22 information received by the seller from its service provider, where the
23 system used to transport such signals is not that of the seller;

24 (iii) If the locations in (n)(i) and (ii) of this subsection are
25 not known, the location of the customer's place of primary use.

26 **Sec. 117.** RCW 82.36.440 and 2003 c 350 s 5 are each amended to
27 read as follows:

28 (1) The tax levied in this chapter is in lieu of any excise,
29 privilege, or occupational tax upon the business of manufacturing,
30 selling, or distributing motor vehicle fuel, and no city, town, county,
31 township or other subdivision or municipal corporation of the state
32 shall levy or collect any excise tax upon or measured by the sale,
33 receipt, distribution, or use of motor vehicle fuel, except as provided
34 in chapter 82.80 RCW and RCW 82.47.020.

35 (2) This section does not apply to any tax imposed by the state.

1 **Sec. 118.** RCW 82.38.280 and 2003 c 350 s 6 are each amended to
2 read as follows:

3 (1) The tax levied in this chapter is in lieu of any excise,
4 privilege, or occupational tax upon the business of manufacturing,
5 selling, or distributing special fuel, and no city, town, county,
6 township or other subdivision or municipal corporation of the state
7 (~~shall~~) may levy or collect any excise tax upon or measured by the
8 sale, receipt, distribution, or use of special fuel, except as provided
9 in chapter 82.80 RCW and RCW 82.47.020.

10 (2) This section does not apply to any tax imposed by the state.

11 **Sec. 119.** RCW 82.62.010 and 2007 c 485 s 1 are each amended to
12 read as follows:

13 Unless the context clearly requires otherwise, the definitions in
14 this section apply throughout this chapter.

15 (1) "Applicant" means a person applying for a tax credit under this
16 chapter.

17 (2) "Department" means the department of revenue.

18 (3) "Eligible area" means an area as defined in RCW 82.60.020.

19 (4)(a) "Eligible business project" means manufacturing or research
20 and development activities which are conducted by an applicant in an
21 eligible area at a specific facility, provided the applicant's average
22 qualified employment positions at the specific facility will be at
23 least fifteen percent greater in the four consecutive full calendar
24 quarters after the calendar quarter during which the first qualified
25 employment position is filled than the applicant's average qualified
26 employment positions at the same facility in the four consecutive full
27 calendar quarters immediately preceding the calendar quarter during
28 which the first qualified employment position is filled.

29 (b) "Eligible business project" does not include any portion of a
30 business project undertaken by a light and power business as defined in
31 RCW 82.16.010(~~(+5)~~) or that portion of a business project creating
32 qualified full-time employment positions outside an eligible area.

33 (5) "First qualified employment position" means the first qualified
34 employment position filled for which a credit under this chapter is
35 sought.

36 (6) "Manufacturing" means the same as defined in RCW 82.04.120.
37 "Manufacturing" also includes computer programming, the production of

1 computer software, and other computer-related services, and the
2 activities performed by research and development laboratories and
3 commercial testing laboratories.

4 (7) "Person" has the meaning given in RCW 82.04.030.

5 (8)(a)(i) "Qualified employment position" means a permanent full-
6 time employee employed in the eligible business project during four
7 consecutive full calendar quarters.

8 (ii) For seasonal employers, "qualified employment position" also
9 includes the equivalent of a full-time employee in work hours for four
10 consecutive full calendar quarters.

11 (b) For purposes of this subsection, "full time" means a normal
12 work week of at least thirty-five hours.

13 (c) Once a permanent, full-time employee has been employed, a
14 position does not cease to be a qualified employment position solely
15 due to periods in which the position goes vacant, as long as:

16 (i) The cumulative period of any vacancies in that position is not
17 more than one hundred twenty days in the four-quarter period; and

18 (ii) During a vacancy, the employer is training or actively
19 recruiting a replacement permanent, full-time employee for the
20 position.

21 (9) "Recipient" means a person receiving tax credits under this
22 chapter.

23 (10) "Research and development" means the development, refinement,
24 testing, marketing, and commercialization of a product, service, or
25 process before commercial sales have begun. As used in this
26 subsection, "commercial sales" excludes sales of prototypes or sales
27 for market testing if the total gross receipts from such sales of the
28 product, service, or process do not exceed one million dollars.

29 (11) "Seasonal employee" means an employee of a seasonal employer
30 who works on a seasonal basis. For the purposes of this subsection and
31 subsection (12) of this section, "seasonal basis" means a continuous
32 employment period of less than twelve consecutive months.

33 (12) "Seasonal employer" means a person who regularly hires more
34 than fifty percent of its employees to work on a seasonal basis.

35 **Sec. 120.** RCW 82.80.120 and 2006 c 311 s 18 are each amended to
36 read as follows:

37 (1) For purposes of this section:

1 (a) "Distributor" means every person who imports, refines,
2 manufactures, produces, or compounds motor vehicle fuel and special
3 fuel as defined in RCW 82.36.010 and 82.38.020, respectively, and sells
4 or distributes the fuel into a county;

5 (b) "Person" has the same meaning as in RCW 82.04.030;

6 (c) "District" means a regional transportation investment district
7 under chapter 36.120 RCW.

8 (2) A regional transportation investment district under chapter
9 36.120 RCW, subject to the conditions of this section, may levy
10 additional excise taxes equal to ten percent of the statewide motor
11 vehicle fuel tax rate under RCW 82.36.025 on each gallon of motor
12 vehicle fuel as defined in RCW 82.36.010 and on each gallon of special
13 fuel as defined in RCW 82.38.020 sold within the boundaries of the
14 district. The additional excise tax is subject to the approval of a
15 majority of the voters within the district boundaries. Vehicles paying
16 an annual license fee under RCW 82.38.075 are exempt from the
17 district's fuel excise tax. The additional excise taxes are subject to
18 the same exceptions and rights of refund as applicable to other motor
19 vehicle fuel and special fuel excise taxes levied under chapters 82.36
20 and 82.38 RCW. The proposed tax may not be levied less than one month
21 from the date the election results are certified. The commencement
22 date for the levy of any tax under this section will be the first day
23 of January, April, July, or October.

24 (3) The local option motor vehicle fuel tax on each gallon of motor
25 vehicle fuel and on each gallon of special fuel is imposed upon the
26 distributor of the fuel.

27 (4) A taxable event for the purposes of this section occurs upon
28 the first distribution of the fuel within the boundaries of the
29 district to a retail outlet, bulk fuel user, or ultimate user of the
30 fuel.

31 (5) All administrative provisions in chapters 82.01, 82.03, and
32 82.32 RCW, insofar as they are applicable, apply to local option fuel
33 taxes imposed under this section.

34 (6) Before the effective date of the imposition of the fuel taxes
35 under this section, a district (~~shall~~) must contract with the
36 department of (~~licensing~~) revenue for the administration and
37 collection of the taxes. The contract must provide that a percentage
38 amount, not to exceed one percent of the taxes imposed under this

1 section, will be deposited into the local tax administration account
2 created in the custody of the state treasurer. The department of
3 (~~licensing~~) revenue may spend money from this account, upon
4 appropriation, for the administration of the local taxes imposed under
5 this section.

6 (7) The state treasurer (~~shall~~) must distribute monthly to the
7 district levying the tax as part of the regional transportation
8 investment district plan, after the deductions for payments and
9 expenditures as provided in RCW 46.68.090(1) (a) and (b).

10 (8) The proceeds of the additional taxes levied by a district in
11 this section, to be used as a part of a regional transportation
12 investment district plan, must be used in accordance with chapter
13 36.120 RCW, but only for those areas that are considered "highway
14 purposes" as that term is construed in Article II, section 40 of the
15 state Constitution.

16 (9) A district may only levy the tax under this section if the
17 district is comprised of boundaries identical to the boundaries of a
18 county or counties. A district may not levy the tax in this section if
19 a member county is levying the tax in RCW 82.80.010 or 82.80.110.

20 **Sec. 121.** RCW 83.100.040 and 2005 c 516 s 3 are each amended to
21 read as follows:

22 (1) A tax in an amount computed as provided in this section is
23 imposed on every transfer of property located in Washington. For the
24 purposes of this section, any intangible property owned by a resident
25 is located in Washington.

26 (2)(a) Except as provided in (b) of this subsection, the amount of
27 tax is the amount provided in the following table:

28

29

If Washington Taxable		The amount of Tax Equals		Of Washington
Estate is at least	But Less Than	Initial Tax Amount	Plus Tax Rate %	Taxable Estate Value
\$0	\$1,000,000	\$0	10.00%	Greater than \$0
\$1,000,000	\$2,000,000	\$100,000	14.00%	\$1,000,000
\$2,000,000	\$3,000,000	\$240,000	15.00%	\$2,000,000
\$3,000,000	\$4,000,000	\$390,000	16.00%	\$3,000,000

1	\$4,000,000	\$6,000,000	\$550,000	17.00%	\$4,000,000
2	\$6,000,000	\$7,000,000	\$890,000	18.00%	\$6,000,000
3	\$7,000,000	\$9,000,000	\$1,070,000	18.50%	\$7,000,000
4	((Above))		\$1,440,000	19.00%	((Above))
5	\$9,000,000				\$9,000,000

6 (b) If any property in the decedent's estate is located outside of
7 Washington, the amount of tax is the amount determined in (a) of this
8 subsection multiplied by a fraction. The numerator of the fraction is
9 the value of the property located in Washington. The denominator of
10 the fraction is the value of the decedent's gross estate. Property
11 qualifying for a deduction under RCW 83.100.046 (~~shall~~) must be
12 excluded from the numerator and denominator of the fraction.

13 (3) The tax imposed under this section is a stand-alone estate tax
14 that incorporates only those provisions of the internal revenue code as
15 amended or renumbered as of January 1, 2005, that do not conflict with
16 the provisions of this chapter. The tax imposed under this chapter is
17 independent of any federal estate tax obligation and is not affected by
18 termination of the federal estate tax.

19 **Sec. 122.** RCW 83.100.046 and 2005 c 514 s 1201 are each amended to
20 read as follows:

21 (1) For the purposes of determining the Washington taxable estate,
22 a deduction is allowed from the federal taxable estate for:

23 (a) The value of qualified real property reduced by any amounts
24 allowable as a deduction in respect of the qualified real property
25 (~~and tangible personal property~~) under (~~section~~) 26 U.S.C. Sec.
26 2053(a)(4) of the federal internal revenue code, if the decedent was at
27 the time of his or her death a citizen or resident of the United
28 States.

29 (b) The value of any tangible personal property used by the
30 decedent or a member of the decedent's family for a qualified use on
31 the date of the decedent's death, reduced by any amounts allowable as
32 a deduction in respect of the tangible personal property under
33 (~~section~~) 26 U.S.C. Sec. 2053(a)(4) of the federal internal revenue
34 code, if all of the requirements of subsection (10)(f)(i)(A) of this
35 section are met and the decedent was at the time of his or her death a
36 citizen or resident of the United States.

1 (c) The value of real property that is not deductible under (a) of
2 this subsection solely by reason of subsection (10)(f)(i)(B) of this
3 section, reduced by any amounts allowable as a deduction in respect of
4 the ((qualified)) real property ((and tangible personal property))
5 under ((section)) 26 U.S.C. Sec. 2053(a)(4) of the federal internal
6 revenue code, if the requirements of subsection (10)(f)(i)(C) of this
7 section are met with respect to the property and the decedent was at
8 the time of his or her death a citizen or resident of the United
9 States.

10 (2) Property ((shall)) will be considered to have been acquired
11 from or to have passed from the decedent if:

12 (a) The property is so considered under ((section)) 26 U.S.C. Sec.
13 1014(b) of the federal internal revenue code;

14 (b) The property is acquired by any person from the estate; or

15 (c) The property is acquired by any person from a trust, to the
16 extent the property is includible in the gross estate of the decedent.

17 (3) If the decedent and the decedent's surviving spouse at any time
18 held qualified real property as community property, the interest of the
19 surviving spouse in the property ((shall)) must be taken into account
20 under this section to the extent necessary to provide a result under
21 this section with respect to the property which is consistent with the
22 result which would have obtained under this section if the property had
23 not been community property.

24 (4) In the case of any qualified woodland, the value of trees
25 growing on the woodland may be deducted if otherwise qualified under
26 this section.

27 (5) If property is qualified real property with respect to a
28 decedent, hereinafter in this subsection referred to as the "first
29 decedent," and the property was acquired from or passed from the first
30 decedent to the surviving spouse of the first decedent, active
31 management of the farm by the surviving spouse ((shall)) must be
32 treated as material participation by the surviving spouse in the
33 operation of the farm.

34 (6) Property owned indirectly by the decedent may qualify for a
35 deduction under this section if owned through an interest in a
36 corporation, partnership, or trust as the terms corporation,
37 partnership, or trust are used in ((section)) 26 U.S.C. Sec. 2032A(g)
38 of the federal internal revenue code. In order to qualify for a

1 deduction under this subsection, the interest, in addition to meeting
2 the other tests for qualification under this section, must qualify
3 under (~~section~~) 26 U.S.C. Sec. 6166(b)(1) of the federal internal
4 revenue code as an interest in a closely held business on the date of
5 the decedent's death and for sufficient other time, combined with
6 periods of direct ownership, to equal at least five years of the eight-
7 year period preceding the death.

8 (7)(a) If, on the date of the decedent's death, the requirements of
9 subsection (10)(f)(i)(C)(II) of this section with respect to the
10 decedent for any property are not met, and the decedent (i) was
11 receiving old age benefits under Title II of the social security act
12 for a continuous period ending on such date, or (ii) was disabled for
13 a continuous period ending on this date, then subsection
14 (10)(f)(i)(C)(II) of this section shall be applied with respect to the
15 property by substituting "the date on which the longer of such
16 continuous periods began" for "the date of the decedent's death" in
17 subsection (10)(f)(i)(C) of this section.

18 (b) For the purposes of (a) of this subsection, an individual
19 (~~shall be~~) is disabled if the individual has a mental or physical
20 impairment which renders that individual unable to materially
21 participate in the operation of the farm.

22 (8) Property may be deducted under this section whether or not
23 special valuation is elected under (~~section~~) 26 U.S.C. Sec. 2032A of
24 the federal internal revenue code on the federal return. For the
25 purposes of determining the deduction under this section, the value of
26 property is its value as used to determine the value of the gross
27 estate.

28 (9)(a) In the case of any qualified replacement property, any
29 period during which there was ownership, qualified use, or material
30 participation with respect to the replaced property by the decedent or
31 any member of the decedent's family (~~shall~~) must be treated as a
32 period during which there was ownership, use, or material
33 participation, as the case may be, with respect to the qualified
34 replacement property.

35 (b) Subsection (9)(a) of this section (~~shall~~) does not apply to
36 the extent that the fair market value of the qualified replacement
37 property, as of the date of its acquisition, exceeds the fair market
38 value of the replaced property, as of the date of its disposition.

1 (c) For the purposes of this subsection (9), the following
2 definitions apply:

3 (i)(A) "Qualified replacement property" means any real property:

4 ((+A)) (I) Which is acquired in an exchange which qualifies under
5 ((section)) 26 U.S.C. Sec. 1031 of the federal internal revenue code;
6 or

7 ((+B)) (II) The acquisition of which results in the nonrecognition
8 of gain under ((section)) 26 U.S.C. Sec. 1033 of the federal internal
9 revenue code.

10 (B) The term "qualified replacement property" only includes
11 property which is used for the same qualified use as the replaced
12 property was being used before the exchange.

13 (ii) "Replaced property" means the property was:

14 (A) Transferred in the exchange which qualifies under ((section))
15 26 U.S.C. Sec. 1031 of the federal internal revenue code; or

16 (B) Compulsorily or involuntarily converted within the meaning of
17 ((section)) 26 U.S.C. Sec. 1033 of the federal internal revenue code.

18 (10) For the purposes of this section, the following definitions
19 apply:

20 (a) "Active management" means the making of the management
21 decisions of a farm, other than the daily operating decisions.

22 (b) "Farm" includes stock, dairy, poultry, fruit, furbearing
23 animal, and truck farms; plantations; ranches; nurseries; ranges;
24 greenhouses or other similar structures used primarily for the raising
25 of agricultural or horticultural commodities; and orchards and
26 woodlands.

27 (c) "Farming purposes" means:

28 (i) Cultivating the soil or raising or harvesting any agricultural
29 or horticultural commodity, including the raising, shearing, feeding,
30 caring for, training, and management of animals on a farm;

31 (ii) Handling, drying, packing, grading, or storing on a farm any
32 agricultural or horticultural commodity in its unmanufactured state,
33 but only if the owner, tenant, or operator of the farm regularly
34 produces more than one-half of the commodity so treated; and

35 (iii)(A) The planting, cultivating, caring for, or cutting of
36 trees; or

37 (B) The preparation, other than milling, of trees for market.

1 (d)(i) "Member of the family" means, with respect to any
2 individual, only:

3 ((+i)) (A) An ancestor of the individual;

4 ((+ii)) (B) The spouse of the individual;

5 ((+iii)) (C) A lineal descendant of the individual, of the
6 individual's spouse, or of a parent of the individual; or

7 ((+iv)) (D) The spouse of any lineal descendant described in
8 (d)((+iii)) (i)(C) of this subsection.

9 (ii) For the purposes of this subsection (10)(d), a legally adopted
10 child of an individual (~~shall~~) must be treated as the child of such
11 individual by blood.

12 (e) "Qualified heir" means, with respect to any property, a member
13 of the decedent's family who acquired property, or to whom property
14 passed, from the decedent.

15 (f)(i) "Qualified real property" means real property which was
16 acquired from or passed from the decedent to a qualified heir of the
17 decedent and which, on the date of the decedent's death, was being used
18 for a qualified use by the decedent or a member of the decedent's
19 family, but only if:

20 (A) Fifty percent or more of the adjusted value of the gross estate
21 consists of the adjusted value of real or personal property which:

22 (I) On the date of the decedent's death, was being used for a
23 qualified use by the decedent or a member of the decedent's family; and

24 (II) Was acquired from or passed from the decedent to a qualified
25 heir of the decedent;

26 (B) Twenty-five percent or more of the adjusted value of the gross
27 estate consists of the adjusted value of real property which meets the
28 requirements of (f)(i)(A)(II) and (f)(i)(C) of this subsection; and

29 (C) During the eight-year period ending on the date of the
30 decedent's death there have been periods aggregating five years or more
31 during which:

32 (I) The real property was owned by the decedent or a member of the
33 decedent's family and used for a qualified use by the decedent or a
34 member of the decedent's family; and

35 (II) There was material participation by the decedent or a member
36 of the decedent's family in the operation of the farm. For the
37 purposes of this subsection (f)(i)(C)(II), material participation

1 ((shall)) must be determined in a manner similar to the manner used for
2 purposes of ((section)) 26 U.S.C. Sec. 1402(a)(1) of the federal
3 internal revenue code.

4 (ii) For the purposes of this subsection, the term "adjusted value"
5 means:

6 (A) In the case of the gross estate, the value of the gross estate,
7 determined without regard to any special valuation under ((section)) 26
8 U.S.C. Sec. 2032A of the federal internal revenue code, reduced by any
9 amounts allowable as a deduction under ((section)) 26 U.S.C. Sec.
10 2053(a)(4) of the federal internal revenue code; or

11 (B) In the case of any real or personal property, the value of the
12 property for purposes of chapter 11 of the federal internal revenue
13 code, determined without regard to any special valuation under
14 ((section)) 26 U.S.C. Sec. 2032A of the federal internal revenue code,
15 reduced by any amounts allowable as a deduction in respect of such
16 property under ((section)) 26 U.S.C. Sec. 2053(a)(4) of the federal
17 internal revenue code.

18 (g) "Qualified use" means the property is used as a farm for
19 farming purposes. In the case of real property which meets the
20 requirements of (f)(i)(C) of this subsection, residential buildings and
21 related improvements on the real property occupied on a regular basis
22 by the owner or lessee of the real property or by persons employed by
23 the owner or lessee for the purpose of operating or maintaining the
24 real property, and roads, buildings, and other structures and
25 improvements functionally related to the qualified use ((shall)) must
26 be treated as real property devoted to the qualified use. For tangible
27 personal property eligible for a deduction under subsection (1)(b) of
28 this section, "qualified use" means the property is used primarily for
29 farming purposes on a farm.

30 (h) "Qualified woodland" means any real property which:

31 (i) Is used in timber operations; and

32 (ii) Is an identifiable area of land such as an acre or other area
33 for which records are normally maintained in conducting timber
34 operations.

35 (i) "Timber operations" means:

36 (i) The planting, cultivating, caring for, or cutting of trees; or

37 (ii) The preparation, other than milling, of trees for market.

1 **Sec. 123.** RCW 83.100.046 and 2009 c 521 s 191 are each amended to
2 read as follows:

3 (1) For the purposes of determining the Washington taxable estate,
4 a deduction is allowed from the federal taxable estate for:

5 (a) The value of qualified real property reduced by any amounts
6 allowable as a deduction in respect of the qualified real property
7 (~~((and tangible personal property))~~) under (~~((section))~~) 26 U.S.C. Sec.
8 2053(a)(4) of the federal internal revenue code, if the decedent was at
9 the time of his or her death a citizen or resident of the United
10 States.

11 (b) The value of any tangible personal property used by the
12 decedent or a member of the decedent's family for a qualified use on
13 the date of the decedent's death, reduced by any amounts allowable as
14 a deduction in respect of the tangible personal property under
15 (~~((section))~~) 26 U.S.C. Sec. 2053(a)(4) of the federal internal revenue
16 code, if all of the requirements of subsection (10)(f)(i)(A) of this
17 section are met and the decedent was at the time of his or her death a
18 citizen or resident of the United States.

19 (c) The value of real property that is not deductible under (a) of
20 this subsection solely by reason of subsection (10)(f)(i)(B) of this
21 section, reduced by any amounts allowable as a deduction in respect of
22 the (~~((qualified))~~) real property (~~((and tangible personal property))~~)
23 under (~~((section))~~) 26 U.S.C. Sec. 2053(a)(4) of the federal internal
24 revenue code, if the requirements of subsection (10)(f)(i)(C) of this
25 section are met with respect to the property and the decedent was at
26 the time of his or her death a citizen or resident of the United
27 States.

28 (2) Property (~~((shall))~~) will be considered to have been acquired
29 from or to have passed from the decedent if:

30 (a) The property is so considered under (~~((section))~~) 26 U.S.C. Sec.
31 1014(b) of the internal revenue code;

32 (b) The property is acquired by any person from the estate; or

33 (c) The property is acquired by any person from a trust, to the
34 extent the property is includible in the gross estate of the decedent.

35 (3) If the decedent and the decedent's surviving spouse at any time
36 held qualified real property as community property, the interest of the
37 surviving spouse in the property (~~((shall))~~) must be taken into account
38 under this section to the extent necessary to provide a result under

1 this section with respect to the property which is consistent with the
2 result which would have obtained under this section if the property had
3 not been community property.

4 (4) In the case of any qualified woodland, the value of trees
5 growing on the woodland may be deducted if otherwise qualified under
6 this section.

7 (5) If property is qualified real property with respect to a
8 decedent, hereinafter in this subsection referred to as the "first
9 decedent," and the property was acquired from or passed from the first
10 decedent to the surviving spouse of the first decedent, active
11 management of the farm by the surviving spouse shall be treated as
12 material participation by the surviving spouse in the operation of the
13 farm.

14 (6) Property owned indirectly by the decedent may qualify for a
15 deduction under this section if owned through an interest in a
16 corporation, partnership, or trust as the terms corporation,
17 partnership, or trust are used in (~~section~~) 26 U.S.C. Sec. 2032A(g)
18 of the federal internal revenue code. In order to qualify for a
19 deduction under this subsection, the interest, in addition to meeting
20 the other tests for qualification under this section, must qualify
21 under (~~section~~) 26 U.S.C. Sec. 6166(b)(1) of the federal internal
22 revenue code as an interest in a closely held business on the date of
23 the decedent's death and for sufficient other time, combined with
24 periods of direct ownership, to equal at least five years of the eight-
25 year period preceding the death.

26 (7)(a) If, on the date of the decedent's death, the requirements of
27 subsection (10)(f)(i)(C)(II) of this section with respect to the
28 decedent for any property are not met, and the decedent (i) was
29 receiving old age benefits under Title II of the social security act
30 for a continuous period ending on such date, or (ii) was disabled for
31 a continuous period ending on this date, then subsection
32 (10)(f)(i)(C)(II) of this section (~~shall~~) must be applied with
33 respect to the property by substituting "the date on which the longer
34 of such continuous periods began" for "the date of the decedent's
35 death" in subsection (10)(f)(i)(C) of this section.

36 (b) For the purposes of (a) of this subsection, an individual
37 (~~shall be~~) is disabled if the individual has a mental or physical

1 impairment which renders that individual unable to materially
2 participate in the operation of the farm.

3 (8) Property may be deducted under this section whether or not
4 special valuation is elected under (~~section~~) 26 U.S.C. Sec. 2032A of
5 the federal internal revenue code on the federal return. For the
6 purposes of determining the deduction under this section, the value of
7 property is its value as used to determine the value of the gross
8 estate.

9 (9)(a) In the case of any qualified replacement property, any
10 period during which there was ownership, qualified use, or material
11 participation with respect to the replaced property by the decedent or
12 any member of the decedent's family (~~shall~~) must be treated as a
13 period during which there was ownership, use, or material
14 participation, as the case may be, with respect to the qualified
15 replacement property.

16 (b) Subsection (9)(a) of this section (~~shall~~) does not apply to
17 the extent that the fair market value of the qualified replacement
18 property, as of the date of its acquisition, exceeds the fair market
19 value of the replaced property, as of the date of its disposition.

20 (c) For the purposes of this subsection (9), the following
21 definitions apply:

22 (i)(A) "Qualified replacement property" means any real property:
23 (~~(+A)~~) (I) Which is acquired in an exchange which qualifies under
24 (~~section~~) 26 U.S.C. Sec. 1031 of the federal internal revenue code;
25 or

26 (~~(+B)~~) (II) The acquisition of which results in the nonrecognition
27 of gain under (~~section~~) 26 U.S.C. Sec. 1033 of the federal internal
28 revenue code.

29 (B) The term "qualified replacement property" only includes
30 property which is used for the same qualified use as the replaced
31 property was being used before the exchange.

32 (ii) "Replaced property" means the property was:

33 (A) Transferred in the exchange which qualifies under (~~section~~)
34 26 U.S.C. Sec. 1031 of the federal internal revenue code; or

35 (B) Compulsorily or involuntarily converted within the meaning of
36 (~~section~~) 26 U.S.C. Sec. 1033 of the federal internal revenue code.

37 (10) For the purposes of this section, the following definitions
38 apply:

1 (a) "Active management" means the making of the management
2 decisions of a farm, other than the daily operating decisions.

3 (b) "Farm" includes stock, dairy, poultry, fruit, furbearing
4 animal, and truck farms; plantations; ranches; nurseries; ranges;
5 greenhouses or other similar structures used primarily for the raising
6 of agricultural or horticultural commodities; and orchards and
7 woodlands.

8 (c) "Farming purposes" means:

9 (i) Cultivating the soil or raising or harvesting any agricultural
10 or horticultural commodity, including the raising, shearing, feeding,
11 caring for, training, and management of animals on a farm;

12 (ii) Handling, drying, packing, grading, or storing on a farm any
13 agricultural or horticultural commodity in its unmanufactured state,
14 but only if the owner, tenant, or operator of the farm regularly
15 produces more than one-half of the commodity so treated; and

16 (iii)(A) The planting, cultivating, caring for, or cutting of
17 trees; or

18 (B) The preparation, other than milling, of trees for market.

19 (d)(i) "Member of the family" means, with respect to any
20 individual, only:

21 ((+i+)) (A) An ancestor of the individual;

22 ((+ii+)) (B) The spouse or state registered domestic partner of the
23 individual;

24 ((+iii+)) (C) A lineal descendant of the individual, of the
25 individual's spouse or state registered domestic partner, or of a
26 parent of the individual; or

27 ((+iv+)) (D) The spouse or state registered domestic partner of any
28 lineal descendant described in (d)((+iii+)) (1)(C) of this subsection.

29 (ii) For the purposes of this subsection (10)(d), a legally adopted
30 child of an individual (~~shall~~) must be treated as the child of such
31 individual by blood.

32 (e) "Qualified heir" means, with respect to any property, a member
33 of the decedent's family who acquired property, or to whom property
34 passed, from the decedent.

35 (f)(i) "Qualified real property" means real property which was
36 acquired from or passed from the decedent to a qualified heir of the
37 decedent and which, on the date of the decedent's death, was being used

1 for a qualified use by the decedent or a member of the decedent's
2 family, but only if:

3 (A) Fifty percent or more of the adjusted value of the gross estate
4 consists of the adjusted value of real or personal property which:

5 (I) On the date of the decedent's death, was being used for a
6 qualified use by the decedent or a member of the decedent's family; and

7 (II) Was acquired from or passed from the decedent to a qualified
8 heir of the decedent;

9 (B) Twenty-five percent or more of the adjusted value of the gross
10 estate consists of the adjusted value of real property which meets the
11 requirements of (f)(i)(A)(II) and (f)(i)(C) of this subsection; and

12 (C) During the eight-year period ending on the date of the
13 decedent's death there have been periods aggregating five years or more
14 during which:

15 (I) The real property was owned by the decedent or a member of the
16 decedent's family and used for a qualified use by the decedent or a
17 member of the decedent's family; and

18 (II) There was material participation by the decedent or a member
19 of the decedent's family in the operation of the farm. For the
20 purposes of this subsection (f)(i)(C)(II), material participation
21 (~~shall~~) must be determined in a manner similar to the manner used for
22 purposes of (~~section~~) 26 U.S.C. Sec. 1402(a)(1) of the federal
23 internal revenue code.

24 (ii) For the purposes of this subsection, the term "adjusted value"
25 means:

26 (A) In the case of the gross estate, the value of the gross estate,
27 determined without regard to any special valuation under (~~section~~) 26
28 U.S.C. Sec. 2032A of the federal internal revenue code, reduced by any
29 amounts allowable as a deduction under (~~section~~) 26 U.S.C. Sec.
30 2053(a)(4) of the federal internal revenue code; or

31 (B) In the case of any real or personal property, the value of the
32 property for purposes of chapter 11 of the federal internal revenue
33 code, determined without regard to any special valuation under
34 (~~section~~) 26 U.S.C. Sec. 2032A of the federal internal revenue code,
35 reduced by any amounts allowable as a deduction in respect of such
36 property under (~~section~~) 26 U.S.C. Sec. 2053(a)(4) of the federal
37 internal revenue code.

1 (g) "Qualified use" means the property is used as a farm for
2 farming purposes. In the case of real property which meets the
3 requirements of (f)(i)(C) of this subsection, residential buildings and
4 related improvements on the real property occupied on a regular basis
5 by the owner or lessee of the real property or by persons employed by
6 the owner or lessee for the purpose of operating or maintaining the
7 real property, and roads, buildings, and other structures and
8 improvements functionally related to the qualified use (~~shall~~) must
9 be treated as real property devoted to the qualified use. For tangible
10 personal property eligible for a deduction under subsection (1)(b) of
11 this section, "qualified use" means the property is used primarily for
12 farming purposes on a farm.

13 (h) "Qualified woodland" means any real property which:

14 (i) Is used in timber operations; and

15 (ii) Is an identifiable area of land such as an acre or other area
16 for which records are normally maintained in conducting timber
17 operations.

18 (i) "Timber operations" means:

19 (i) The planting, cultivating, caring for, or cutting of trees; or

20 (ii) The preparation, other than milling, of trees for market.

21 **Sec. 124.** RCW 82.04.290 and 2008 c 81 s 6 are each amended to read
22 as follows:

23 (1) Upon every person engaging within this state in the business of
24 providing international investment management services, as to such
25 persons, the amount of tax with respect to such business (~~shall be~~)
26 is equal to the gross income or gross proceeds of sales of the business
27 multiplied by a rate of 0.275 percent.

28 (2)(a) Upon every person engaging within this state in any business
29 activity other than or in addition to an activity taxed explicitly
30 under another section in this chapter or subsection (1) or (3) of this
31 section; as to such persons the amount of tax on account of such
32 activities (~~shall be~~) is equal to the gross income of the business
33 multiplied by the rate of 1.5 percent.

34 (b) This subsection (2) includes, among others, and without
35 limiting the scope hereof (whether or not title to materials used in
36 the performance of such business passes to another by accession,
37 confusion or other than by outright sale), persons engaged in the

1 business of rendering any type of service which does not constitute a
2 "sale at retail" or a "sale at wholesale." The value of advertising,
3 demonstration, and promotional supplies and materials furnished to an
4 agent by his principal or supplier to be used for informational,
5 educational and promotional purposes (~~shall~~) may not be considered a
6 part of the agent's remuneration or commission and (~~shall~~) is not
7 (~~be~~) subject to taxation under this section.

8 (3)(a) Until July 1, 2024, upon every person engaging within this
9 state in the business of performing aerospace product development for
10 others, as to such persons, the amount of tax with respect to such
11 business (~~shall be~~) is equal to the gross income of the business
12 multiplied by a rate of 0.9 percent.

13 (b) "Aerospace product development" has the meaning as provided in
14 RCW 82.04.4461.

15 **PART II**
16 **PROPERTY TAX**

17 **Sec. 201.** RCW 29A.36.210 and 2004 c 80 s 2 are each amended to
18 read as follows:

19 (1) The ballot proposition authorizing a taxing district to impose
20 the regular property tax levies authorized in RCW 36.68.525, 36.69.145,
21 67.38.130, 84.52.069, or 84.52.135 (~~shall~~) must contain in substance
22 the following:

23 "~~shall~~) Will the (insert the name of the taxing
24 district) be authorized to impose regular property tax levies of
25 (insert the maximum rate) or less per thousand dollars of
26 assessed valuation for each of (insert the maximum number
27 of years allowable) consecutive years?

- 28 Yes
29 No

30 Each voter (~~shall~~) may indicate either "Yes" or "No" on his or
31 her ballot in accordance with the procedures established under this
32 title.

33 (2) The ballot proposition authorizing a taxing district to impose
34 a permanent regular tax levy under RCW 84.52.069 (~~shall~~) must contain
35 in substance the following:

1 ~~levies of other taxing districts are reduced))~~ as provided in RCW
2 84.52.010.

3 **Sec. 203.** RCW 36.69.145 and 1994 c 156 s 3 are each amended to
4 read as follows:

5 (1) A park and recreation district may impose regular property tax
6 levies in an amount equal to sixty cents or less per thousand dollars
7 of assessed value of property in the district in each year for six
8 consecutive years when specifically authorized so to do by a majority
9 of at least three-fifths of the voters thereof approving a proposition
10 authorizing the levies submitted at a special election or at the
11 regular election of the district, at which election the number of
12 voters voting "yes" on the proposition (~~shall~~) must constitute three-
13 fifths of a number equal to forty per centum of the number of voters
14 voting in such district at the last preceding general election when the
15 number of voters voting on the proposition does not exceed forty per
16 centum of the number of voters voting in such taxing district in the
17 last preceding general election; or by a majority of at least three-
18 fifths of the voters thereof voting on the proposition if the number of
19 voters voting on the proposition exceeds forty per centum of the number
20 of voters voting in such taxing district in the last preceding general
21 election. A proposition authorizing the tax levies (~~shall~~) may not
22 be submitted by a park and recreation district more than twice in any
23 twelve-month period. Ballot propositions (~~shall~~) must conform with
24 RCW (~~29.30.111~~) 29A.36.210. In the event a park and recreation
25 district is levying property taxes, which in combination with property
26 taxes levied by other taxing districts subject to the one percent
27 limitation provided for in Article 7, section 2, of our state
28 Constitution result in taxes in excess of the limitation provided for
29 in RCW 84.52.043(2), the park and recreation district property tax levy
30 (~~shall~~) must be reduced or eliminated (~~before the property tax~~
31 ~~levies of other taxing districts are reduced))~~ as provided in RCW
32 84.52.010.

33 (2) The limitation in RCW 84.55.010 (~~shall~~) does not apply to the
34 first levy imposed under this section following the approval of the
35 levies by the voters under subsection (1) of this section.

1 **Sec. 204.** RCW 84.34.020 and 2009 c 513 s 1 and 2009 c 255 s 1 are
2 each reenacted and amended to read as follows:

3 As used in this chapter, unless a different meaning is required by
4 the context:

5 (1) "Open space land" means (a) any land area so designated by an
6 official comprehensive land use plan adopted by any city or county and
7 zoned accordingly, or (b) any land area, the preservation of which in
8 its present use would (i) conserve and enhance natural or scenic
9 resources, or (ii) protect streams or water supply, or (iii) promote
10 conservation of soils, wetlands, beaches or tidal marshes, or (iv)
11 enhance the value to the public of abutting or neighboring parks,
12 forests, wildlife preserves, nature reservations or sanctuaries or
13 other open space, or (v) enhance recreation opportunities, or (vi)
14 preserve historic sites, or (vii) preserve visual quality along
15 highway, road, and street corridors or scenic vistas, or (viii) retain
16 in its natural state tracts of land not less than one acre situated in
17 an urban area and open to public use on such conditions as may be
18 reasonably required by the legislative body granting the open space
19 classification, or (c) any land meeting the definition of farm and
20 agricultural conservation land under subsection (8) of this section.
21 As a condition of granting open space classification, the legislative
22 body may not require public access on land classified under (b)(iii) of
23 this subsection for the purpose of promoting conservation of wetlands.

24 (2) "Farm and agricultural land" means:

25 (a) Any parcel of land that is twenty or more acres or multiple
26 parcels of land that are contiguous and total twenty or more acres:

27 (i) Devoted primarily to the production of livestock or
28 agricultural commodities for commercial purposes;

29 (ii) Enrolled in the federal conservation reserve program or its
30 successor administered by the United States department of agriculture;
31 or

32 (iii) Other similar commercial activities as may be established by
33 rule;

34 (b)(i) Any parcel of land that is five acres or more but less than
35 twenty acres devoted primarily to agricultural uses, which has produced
36 a gross income from agricultural uses equivalent to, as of January 1,
37 1993:

1 (A) One hundred dollars or more per acre per year for three of the
2 five calendar years preceding the date of application for
3 classification under this chapter for all parcels of land that are
4 classified under this subsection or all parcels of land for which an
5 application for classification under this subsection is made with the
6 granting authority prior to January 1, 1993; and

7 (B) On or after January 1, 1993, two hundred dollars or more per
8 acre per year for three of the five calendar years preceding the date
9 of application for classification under this chapter;

10 (ii) For the purposes of (b)(i) of this subsection, "gross income
11 from agricultural uses" includes, but is not limited to, the wholesale
12 value of agricultural products donated to nonprofit food banks or
13 feeding programs;

14 (c) Any parcel of land of less than five acres devoted primarily to
15 agricultural uses which has produced a gross income as of January 1,
16 1993, of:

17 (i) One thousand dollars or more per year for three of the five
18 calendar years preceding the date of application for classification
19 under this chapter for all parcels of land that are classified under
20 this subsection or all parcels of land for which an application for
21 classification under this subsection is made with the granting
22 authority prior to January 1, 1993; and

23 (ii) On or after January 1, 1993, fifteen hundred dollars or more
24 per year for three of the five calendar years preceding the date of
25 application for classification under this chapter. Parcels of land
26 described in (b)(i)(A) and (c)(i) of this subsection (~~shall~~) will,
27 upon any transfer of the property excluding a transfer to a surviving
28 spouse or surviving state registered domestic partner, be subject to
29 the limits of (b)(i)(B) and (c)(ii) of this subsection;

30 (d) Any parcel of land that is five acres or more but less than
31 twenty acres devoted primarily to agricultural uses, which meet one of
32 the following criteria:

33 (i) Has produced a gross income from agricultural uses equivalent
34 to two hundred dollars or more per acre per year for three of the five
35 calendar years preceding the date of application for classification
36 under this chapter;

37 (ii) Has standing crops with an expectation of harvest within seven
38 years, except as provided in (d)(iii) of this subsection, and a

1 demonstrable investment in the production of those crops equivalent to
2 one hundred dollars or more per acre in the current or previous
3 calendar year. For the purposes of this subsection (2)(d)(ii),
4 "standing crop" means Christmas trees, vineyards, fruit trees, or other
5 perennial crops that: (A) Are planted using agricultural methods
6 normally used in the commercial production of that particular crop; and
7 (B) typically do not produce harvestable quantities in the initial
8 years after planting; or

9 (iii) Has a standing crop of short rotation hardwoods with an
10 expectation of harvest within fifteen years and a demonstrable
11 investment in the production of those crops equivalent to one hundred
12 dollars or more per acre in the current or previous calendar year;

13 (e) Any lands including incidental uses as are compatible with
14 agricultural purposes, including wetlands preservation, provided such
15 incidental use does not exceed twenty percent of the classified land
16 and the land on which appurtenances necessary to the production,
17 preparation, or sale of the agricultural products exist in conjunction
18 with the lands producing such products. Agricultural lands shall also
19 include any parcel of land of one to five acres, which is not
20 contiguous, but which otherwise constitutes an integral part of farming
21 operations being conducted on land qualifying under this section as
22 "farm and agricultural lands";

23 (f) The land on which housing for employees and the principal place
24 of residence of the farm operator or owner of land classified pursuant
25 to (a) of this subsection is sited if: The housing or residence is on
26 or contiguous to the classified parcel; and the use of the housing or
27 the residence is integral to the use of the classified land for
28 agricultural purposes; or

29 (g) Any land that is used primarily for equestrian related
30 activities for which a charge is made, including, but not limited to,
31 stabling, training, riding, clinics, schooling, shows, or grazing for
32 feed and that otherwise meet the requirements of (a), (b), or (c) of
33 this subsection.

34 (3) "Timber land" means any parcel of land that is five or more
35 acres or multiple parcels of land that are contiguous and total five or
36 more acres which is or are devoted primarily to the growth and harvest
37 of timber for commercial purposes. Timber land means the land only and
38 does not include a residential homesite. The term includes land used

1 for incidental uses that are compatible with the growing and harvesting
2 of timber but no more than ten percent of the land may be used for such
3 incidental uses. It also includes the land on which appurtenances
4 necessary for the production, preparation, or sale of the timber
5 products exist in conjunction with land producing these products.

6 (4) "Current" or "currently" means as of the date on which property
7 is to be listed and valued by the assessor.

8 (5) "Owner" means the party or parties having the fee interest in
9 land, except that where land is subject to real estate contract "owner"
10 (~~shall~~) means the contract vendee.

11 (6) "Contiguous" means land adjoining and touching other property
12 held by the same ownership. Land divided by a public road, but
13 otherwise an integral part of a farming operation, (~~shall be~~) is
14 considered contiguous.

15 (7) "Granting authority" means the appropriate agency or official
16 who acts on an application for classification of land pursuant to this
17 chapter.

18 (8) "Farm and agricultural conservation land" means either:

19 (a) Land that was previously classified under subsection (2) of
20 this section, that no longer meets the criteria of subsection (2) of
21 this section, and that is reclassified under subsection (1) of this
22 section; or

23 (b) Land that is traditional farmland that is not classified under
24 chapter 84.33 or 84.34 RCW, that has not been irrevocably devoted to a
25 use inconsistent with agricultural uses, and that has a high potential
26 for returning to commercial agriculture.

27 **Sec. 205.** RCW 84.36.381 and 2008 c 6 s 706 are each amended to
28 read as follows:

29 A person (~~shall be~~) is exempt from any legal obligation to pay
30 all or a portion of the amount of excess and regular real property
31 taxes due and payable in the year following the year in which a claim
32 is filed, and thereafter, in accordance with the following:

33 (1) The property taxes must have been imposed upon a residence
34 which was occupied by the person claiming the exemption as a principal
35 place of residence as of the time of filing(~~—PROVIDED, That~~).

36 However, any person who sells, transfers, or is displaced from his or
37 her residence may transfer his or her exemption status to a replacement

1 residence, but no claimant (~~shall~~) may receive an exemption on more
2 than one residence in any year(~~(:—PROVIDED FURTHER, That)~~). Moreover,
3 confinement of the person to a hospital, nursing home, boarding home,
4 or adult family home (~~shall~~) does not disqualify the claim of
5 exemption if:

6 (a) The residence is temporarily unoccupied;

7 (b) The residence is occupied by a spouse or a domestic partner
8 and/or a person financially dependent on the claimant for support; or

9 (c) The residence is rented for the purpose of paying nursing home,
10 hospital, boarding home, or adult family home costs;

11 (2) The person claiming the exemption must have owned, at the time
12 of filing, in fee, as a life estate, or by contract purchase, the
13 residence on which the property taxes have been imposed or if the
14 person claiming the exemption lives in a cooperative housing
15 association, corporation, or partnership, such person must own a share
16 therein representing the unit or portion of the structure in which he
17 or she resides. For purposes of this subsection, a residence owned by
18 a marital community or state registered domestic partnership or owned
19 by cotenants (~~shall be~~) is deemed to be owned by each spouse or each
20 domestic partner or each cotenant, and any lease for life (~~shall be~~)
21 is deemed a life estate;

22 (3) The person claiming the exemption must be (a) sixty-one years
23 of age or older on December 31st of the year in which the exemption
24 claim is filed, or must have been, at the time of filing, retired from
25 regular gainful employment by reason of disability, or (b) a veteran of
26 the armed forces of the United States with one hundred percent service-
27 connected disability as provided in 42 U.S.C. Sec. 423 (d)(1)(A) as
28 amended prior to January 1, 2005, or such subsequent date as the
29 department may provide by rule consistent with the purpose of this
30 section. However, any surviving spouse or surviving domestic partner
31 of a person who was receiving an exemption at the time of the person's
32 death (~~shall~~) will qualify if the surviving spouse or surviving
33 domestic partner is fifty-seven years of age or older and otherwise
34 meets the requirements of this section;

35 (4) The amount that the person (~~shall be~~) is exempt from an
36 obligation to pay (~~shall be~~) is calculated on the basis of combined
37 disposable income, as defined in RCW 84.36.383. If the person claiming
38 the exemption was retired for two months or more of the assessment

1 year, the combined disposable income of such person (~~shall~~) must be
2 calculated by multiplying the average monthly combined disposable
3 income of such person during the months such person was retired by
4 twelve. If the income of the person claiming exemption is reduced for
5 two or more months of the assessment year by reason of the death of the
6 person's spouse or the person's domestic partner, or when other
7 substantial changes occur in disposable income that are likely to
8 continue for an indefinite period of time, the combined disposable
9 income of such person (~~shall~~) must be calculated by multiplying the
10 average monthly combined disposable income of such person after such
11 occurrences by twelve. If it is necessary to estimate income to comply
12 with this subsection, the assessor may require confirming documentation
13 of such income prior to May 31 of the year following application;

14 (5)(a) A person who otherwise qualifies under this section and has
15 a combined disposable income of thirty-five thousand dollars or less
16 (~~shall be~~) is exempt from all excess property taxes; and

17 (b)(i) A person who otherwise qualifies under this section and has
18 a combined disposable income of thirty thousand dollars or less but
19 greater than twenty-five thousand dollars (~~shall be~~) is exempt from
20 all regular property taxes on the greater of fifty thousand dollars or
21 thirty-five percent of the valuation of his or her residence, but not
22 to exceed seventy thousand dollars of the valuation of his or her
23 residence; or

24 (ii) A person who otherwise qualifies under this section and has a
25 combined disposable income of twenty-five thousand dollars or less
26 (~~shall be~~) is exempt from all regular property taxes on the greater
27 of sixty thousand dollars or sixty percent of the valuation of his or
28 her residence;

29 (6)(a) For a person who otherwise qualifies under this section and
30 has a combined disposable income of thirty-five thousand dollars or
31 less, the valuation of the residence (~~shall be~~) is the assessed value
32 of the residence on the later of January 1, 1995, or January 1st of the
33 assessment year the person first qualifies under this section. If the
34 person subsequently fails to qualify under this section only for one
35 year because of high income, this same valuation (~~shall~~) must be used
36 upon requalification. If the person fails to qualify for more than one
37 year in succession because of high income or fails to qualify for any
38 other reason, the valuation upon requalification (~~shall be~~) is the

1 assessed value on January 1st of the assessment year in which the
2 person requalifies. If the person transfers the exemption under this
3 section to a different residence, the valuation of the different
4 residence (~~shall be~~) is the assessed value of the different residence
5 on January 1st of the assessment year in which the person transfers the
6 exemption.

7 (b) In no event may the valuation under this subsection be greater
8 than the true and fair value of the residence on January 1st of the
9 assessment year.

10 (c) This subsection does not apply to subsequent improvements to
11 the property in the year in which the improvements are made.
12 Subsequent improvements to the property (~~shall~~) must be added to the
13 value otherwise determined under this subsection at their true and fair
14 value in the year in which they are made.

15 **Sec. 206.** RCW 84.36.383 and 2008 c 182 s 1 and 2008 c 6 s 709 are
16 each reenacted and amended to read as follows:

17 As used in RCW 84.36.381 through 84.36.389, except where the
18 context clearly indicates a different meaning:

19 (1) The term "residence" means a single family dwelling unit
20 whether such unit be separate or part of a multiunit dwelling,
21 including the land on which such dwelling stands not to exceed one
22 acre, except that a residence includes any additional property up to a
23 total of five acres that comprises the residential parcel if this
24 larger parcel size is required under land use regulations. The term
25 (~~shall~~) also includes a share ownership in a cooperative housing
26 association, corporation, or partnership if the person claiming
27 exemption can establish that his or her share represents the specific
28 unit or portion of such structure in which he or she resides. The term
29 (~~shall~~) also includes a single family dwelling situated upon lands
30 the fee of which is vested in the United States or any instrumentality
31 thereof including an Indian tribe or in the state of Washington, and
32 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a
33 residence (~~shall be~~) is deemed real property.

34 (2) The term "real property" (~~shall~~) also includes a mobile home
35 which has substantially lost its identity as a mobile unit by virtue of
36 its being fixed in location upon land owned or leased by the owner of
37 the mobile home and placed on a foundation (posts or blocks) with fixed

1 pipe, connections with sewer, water, or other utilities. A mobile home
2 located on land leased by the owner of the mobile home is subject, for
3 tax billing, payment, and collection purposes, only to the personal
4 property provisions of chapter 84.56 RCW and RCW 84.60.040.

5 (3) "Department" means the state department of revenue.

6 (4) "Combined disposable income" means the disposable income of the
7 person claiming the exemption, plus the disposable income of his or her
8 spouse or domestic partner, and the disposable income of each cotenant
9 occupying the residence for the assessment year, less amounts paid by
10 the person claiming the exemption or his or her spouse or domestic
11 partner during the assessment year for:

12 (a) Drugs supplied by prescription of a medical practitioner
13 authorized by the laws of this state or another jurisdiction to issue
14 prescriptions;

15 (b) The treatment or care of either person received in the home or
16 in a nursing home, boarding home, or adult family home; and

17 (c) Health care insurance premiums for medicare under Title XVIII
18 of the social security act.

19 (5) "Disposable income" means adjusted gross income as defined in
20 the federal internal revenue code, as amended prior to January 1, 1989,
21 or such subsequent date as the director may provide by rule consistent
22 with the purpose of this section, plus all of the following items to
23 the extent they are not included in or have been deducted from adjusted
24 gross income:

25 (a) Capital gains, other than gain excluded from income under
26 section 121 of the federal internal revenue code to the extent it is
27 reinvested in a new principal residence;

28 (b) Amounts deducted for loss;

29 (c) Amounts deducted for depreciation;

30 (d) Pension and annuity receipts;

31 (e) Military pay and benefits other than attendant-care and
32 medical-aid payments;

33 (f) Veterans benefits, other than:

34 (i) Attendant-care payments;

35 (ii) Medical-aid payments;

36 (iii) Disability compensation, as defined in Title 38, part 3,
37 section 3.4 of the code of federal regulations, as of January 1, 2008;
38 and

1 (iv) Dependency and indemnity compensation, as defined in Title 38,
2 part 3, section 3.5 of the code of federal regulations, as of January
3 1, 2008;

4 (g) Federal social security act and railroad retirement benefits;

5 (h) Dividend receipts; and

6 (i) Interest received on state and municipal bonds.

7 (6) "Cotenant" means a person who resides with the person claiming
8 the exemption and who has an ownership interest in the residence.

9 (7) "Disability" has the same meaning as provided in 42 U.S.C. Sec.
10 423(d)(1)(A) as amended prior to January 1, (~~2004~~) 2005, or such
11 subsequent date as the (~~director~~) department may provide by rule
12 consistent with the purpose of this section.

13 **Sec. 207.** RCW 84.37.030 and 2007 sp.s. c 2 s 2 are each amended to
14 read as follows:

15 A claimant may defer payment of fifty percent of special
16 assessments or real property taxes, or both, listed on the annual tax
17 statement in any year in which all of the following conditions are met:

18 (1) The special assessments or property taxes must be imposed upon
19 a residence that was occupied by the claimant as a principal place of
20 residence as of January 1st of the year in which the assessments and
21 taxes are due, subject to the exceptions allowed under RCW
22 84.36.381(1);

23 (2) The claimant must have combined disposable income, as defined
24 in RCW 84.36.383, of fifty-seven thousand dollars or less in the
25 calendar year preceding the filing of the declaration;

26 (3) The claimant must have paid one-half of the total amount of
27 special assessments and property taxes listed on the annual tax
28 statement for the year in which the deferral claim is made;

29 (4) A deferral is not allowed for special assessments (~~or~~),
30 property taxes, or both, levied for collection in the first five
31 calendar years in which the person owns the residence;

32 (5) The claimant who defers payment of special assessments or real
33 property taxes, or both, listed on the annual tax statement under this
34 section must also meet the conditions of RCW 84.38.030 (4) and (5);

35 (6) The total amount deferred by a claimant under this chapter must
36 not exceed forty percent of the amount of the claimant's equity value
37 in the claimant's residence; and

1 (7) The claimant may not defer taxes under both this chapter and
2 chapter 84.38 RCW(~~and~~

3 ~~(8) In the case of deferred special assessments, the claimant must~~
4 ~~have opted for payment of the assessments on the installment method if~~
5 ~~this method was available)) in the same tax year.~~

6 **Sec. 208.** RCW 84.37.902 and 2007 sp.s. c 2 s 13 are each amended
7 to read as follows:

8 (1) (~~During calendar year 2011, the joint legislative audit and~~
9 ~~review committee shall review the property tax deferral program under~~
10 ~~chapter 84.37 RCW.)) Pursuant to chapter 43.136 RCW, the citizen
11 commission for performance measurement of tax preferences must schedule
12 the property tax deferral program under this chapter for a tax
13 preference review by the joint legislative audit and review committee
14 in 2011. The department of revenue and county assessors (~~shall~~) must
15 provide the committee with any data within its purview that the
16 committee considers necessary to conduct the review. (~~By December 1,~~
17 ~~2011, the joint legislative audit and review committee shall report to~~
18 ~~the legislature the results of its review.))~~~~

19 (2) (~~As part of its review under subsection (1) of this section))~~
20 In addition to the factors in RCW 43.136.055(1), the committee
21 (~~shall~~) must also study and report on:

22 (a) The effectiveness of the property tax deferral program in
23 assisting families in economic distress in remaining in their homes;

24 (b) The effectiveness of the property tax deferral program in
25 decreasing the default rate on residential mortgages for the statewide
26 population within the income threshold of the program;

27 (c) The number of potential participants per thousand population by
28 geographic region;

29 (d) The ratio of actual deferral program participants to potential
30 deferral program participants by geographic region;

31 (e) The ratio of average annual household property taxes for
32 deferral program participants and average annual income of deferral
33 program participants by geographic region;

34 (f) Economic conditions in the housing and lending markets for the
35 prior three years and the forecasted economic conditions for the
36 current biennium and the next succeeding biennium;

- 1 (g) Annual costs specific to the administration of the deferral
- 2 program; and
- 3 (h) Total annual costs of the deferral program((+)
- 4 ~~(i) Recommended changes to the deferral program that would increase~~
- 5 ~~program participation;~~
- 6 ~~(j) Any other recommendations the committee may have to improve the~~
- 7 ~~deferral program; and~~
- 8 ~~(k) Any other factors that the committee considers necessary to~~
- 9 ~~properly evaluate the deferral program)).~~
- 10 (3) This section expires January 1, 2012.

11 **Sec. 209.** RCW 84.48.050 and 1995 c 134 s 15 are each amended to
12 read as follows:

13 (1) The county assessor (~~shall~~) must, on or before the fifteenth
14 day of January in each year, (~~make out and transmit to the state~~
15 ~~auditor, in such form as may be prescribed,~~) prepare a complete
16 abstract of the tax rolls of the county, showing the number of acres
17 that have been assessed and the total value of the real property,
18 including the structures on the real property; the total value of all
19 taxable personal property in the county; the aggregate amount of all
20 taxable property in the county; the total amount as equalized and the
21 total amount of taxes levied in the county for state, county, city, and
22 other taxing district purposes, for that year. (~~Should the~~)

23 (2) If an assessor of any county fails to transmit to the
24 department of revenue the abstract provided for in RCW 84.48.010, and
25 if(~~, by reason of such failure to transmit such abstract, any~~) a
26 county (~~shall~~) fails to collect and pay to the state its due
27 proportion of the state tax for any year because of that failure, the
28 department of revenue (~~shall~~) must ascertain what amount of state tax
29 (~~said~~) the county (~~has~~) failed to collect(~~, and~~). The department
30 must certify (~~the same~~) to the (~~state~~) county auditor(~~, who shall~~
31 ~~charge the amount to the proper county and notify the auditor of said~~
32 ~~county of the amount of said charge; said~~) the amount of state tax the
33 county failed to collect. This sum (~~shall be~~) is due and payable
34 immediately by warrant in favor of the state on the current expense
35 fund of (~~said~~) the county.

1 **Sec. 210.** RCW 84.52.030 and 1994 c 124 s 38 are each amended to
2 read as follows:

3 For the purpose of raising revenue for state, county, and other
4 taxing district purposes, the county legislative authority of each
5 county (~~at its October session~~), and all other officials or boards
6 authorized by law to levy taxes for taxing district purposes, (~~shall~~)
7 must levy taxes on all the taxable property in the county or district,
8 as the case may be, sufficient for such purposes, and within the
9 limitations permitted by law.

10 **Sec. 211.** RCW 84.52.070 and 1994 c 81 s 86 are each amended to
11 read as follows:

12 (1) It (~~shall be~~) is the duty of the county legislative authority
13 of each county, on or before the thirtieth day of November in each
14 year, to certify to the county assessor (~~of the county~~) the amount of
15 taxes levied upon the property in the county for county purposes, and
16 the respective amounts of taxes levied by the board for each taxing
17 district, within or coextensive with the county, for district
18 purposes(~~, and~~).

19 (2) It (~~shall be~~) is the duty of the council of each city having
20 a population of three hundred thousand or more, and of the council of
21 each town, and of all officials or boards of taxing districts within or
22 coextensive with the county, authorized by law to levy taxes directly
23 and not through the county legislative authority, on or before the
24 thirtieth day of November in each year, to certify to the county
25 assessor (~~of the county~~) the amount of taxes levied upon the property
26 within the city, town, or district for city, town, or district
27 purposes.

28 (3) If a levy amount is (~~not~~) certified to the county assessor
29 (~~by~~) after the thirtieth day of November, the county assessor
30 (~~shall~~) may use no more than the certified levy amount for the
31 previous year for the taxing district(~~(: PROVIDED, That)~~). This
32 (~~shall~~) subsection (3) does not apply to the state levy or when the
33 assessor has not certified assessed values as required by RCW 84.48.130
34 at least twelve working days (~~prior to~~) before November 30th.

35 **Sec. 212.** RCW 84.52.080 and 1989 c 378 s 16 are each amended to
36 read as follows:

1 (1) The county assessor (~~shall~~) must extend the taxes upon the
2 tax rolls in the form (~~herein~~) prescribed in this section. The rate
3 percent necessary to raise the amounts of taxes levied for state and
4 county purposes, and for purposes of taxing districts coextensive with
5 the county, (~~shall~~) must be computed upon the assessed value of the
6 property of the county(~~+~~). The rate percent necessary to raise the
7 amount of taxes levied for any taxing district within the county
8 (~~shall~~) must be computed upon the assessed value of the property of
9 the district(~~+~~). All taxes assessed against any property (~~shall~~)
10 must be added together and extended on the rolls in a column headed
11 consolidated or total tax. In extending any tax, whenever (~~it~~) the
12 tax amounts to a fractional part of a cent greater than (~~five mills~~)
13 one-half of a cent it (~~shall~~) must be (~~made~~) rounded up to one
14 cent, and whenever it amounts to (~~five mills~~) one-half of a cent or
15 less (~~than five mills~~) it (~~shall~~) must be dropped. The amount of
16 all taxes (~~shall~~) must be entered in the proper columns, as shown by
17 entering the rate percent necessary to raise the consolidated or total
18 tax and the total tax assessed against the property.

19 (2) For the purpose of computing the rate necessary to raise the
20 amount of any excess levy in a taxing district (~~which has classified~~
21 ~~or designated forest land under chapter 84.33 RCW~~) entitled to a
22 distribution under RCW 84.33.081, other than the state, the county
23 assessor (~~shall~~) must add the district's timber assessed value, as
24 defined in RCW 84.33.035, to the assessed value of the property(~~+~~
25 ~~PROVIDED, That~~). However, for school districts maintenance and
26 operations levies, only one-half of the district's timber assessed
27 value or eighty percent of the timber roll of (~~such~~) the district in
28 calendar year 1983 as determined under chapter 84.33 RCW, whichever is
29 greater, (~~shall~~) must be added to the assessed value of the property.

30 (3) Upon the completion of such tax extension, it (~~shall be~~) is
31 the duty of the county assessor to make in each assessment book, tax
32 roll or list a certificate in the following form:

33 I,....., assessor of..... county, state of
34 Washington, do hereby certify that the foregoing is a
35 correct list of taxes levied on the real and personal property
36 in the county of..... for the year (~~one~~) two thousand
37 (~~nine hundred and~~).....

1 Witness my hand this day of , ((49)) 20 . . .

2 , County Assessor

3 (4) The county assessor ((shall)) must deliver ((said)) the tax
4 rolls to the county treasurer, on or before the fifteenth day of
5 January, taking a receipt ((therefor, and)) from the treasurer. At the
6 same time, the county assessor ((shall)) must provide the county
7 auditor with an abstract of the tax rolls showing the total amount of
8 taxes collectible in each of the taxing districts.

9 NEW SECTION. **Sec. 213.** RCW 84.55.080 (Adjustment to tax
10 limitation) and 2006 c 184 s 5 & 1982 1st ex.s. c 42 s 12 are each
11 repealed.

12 **PART III**
13 **MISCELLANEOUS**

14 NEW SECTION. **Sec. 301.** If any provision of this act or its
15 application to any person or circumstance is held invalid, the
16 remainder of the act or the application of the provision to other
17 persons or circumstances is not affected.

18 NEW SECTION. **Sec. 302.** 2009 c 461 s 9, 2006 c 300 s 12, and 2003
19 c 149 s 12 (uncodified) are codified as a section within chapter 82.32
20 RCW.

21 NEW SECTION. **Sec. 303.** Except as otherwise provided in section
22 304 of this act, this act takes effect July 1, 2010.

23 NEW SECTION. **Sec. 304.** Section 123 of this act takes effect
24 January 1, 2014.

25 NEW SECTION. **Sec. 305.** Section 122 of this act expires January 1,
26 2014.

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