
HOUSE BILL 2744

State of Washington

62nd Legislature

2012 Regular Session

By Representative Anderson

Read first time 01/30/12. Referred to Committee on Ways & Means.

1 AN ACT Relating to replacing the business and occupation tax with
2 a flat rate corporate net income tax; amending RCW 82.03.130 and
3 82.03.140; adding a new section to chapter 35.102 RCW; adding a new
4 title to the Revised Code of Washington to be codified as Title 82A
5 RCW; repealing RCW 82.04.220, 82.04.230, 82.04.240, 82.04.2403,
6 82.04.2404, 82.04.250, 82.04.255, 82.04.257, 82.04.260, 82.04.261,
7 82.04.263, 82.04.270, 82.04.272, 82.04.280, 82.04.285, 82.04.286,
8 82.04.290, 82.04.29001, 82.04.29002, 82.04.2905, 82.04.2906,
9 82.04.2907, 82.04.2908, 82.04.2909, 82.04.293, 82.04.298, 82.04.315,
10 82.04.317, 82.04.330, 82.04.331, 82.04.332, 82.04.333, 82.04.334,
11 82.04.337, 82.04.392, 82.04.405, 82.04.416, 82.04.421, 82.04.422,
12 82.04.425, 82.04.426, 82.04.4261, 82.04.4262, 82.04.4267, 82.04.4281,
13 82.04.4287, 82.04.4292, 82.04.4294, 82.04.4295, 82.04.4296, 82.04.433,
14 82.04.4333, 82.04.4339, 82.04.4451, 82.04.44525, 82.04.447, 82.04.4482,
15 82.04.4486, 82.04.601, 82.62.030, 82.04.340, 82.04.424, 82.04.4272,
16 82.04.4285, 82.04.43391, 82.04.540, 82.04.645, 82.04.650, 82.04.410,
17 82.04.339, 82.04.3395, 82.04.363, 82.04.3651, 82.04.367, 82.04.368,
18 82.04.370, 82.04.380, 82.04.385, 82.04.395, 82.04.397, 82.04.399,
19 82.04.408, 82.04.415, 82.04.418, 82.04.419, 82.04.4201, 82.04.4251,
20 82.04.4282, 82.04.4291, 82.04.4293, 82.04.432, 82.04.4322, 82.04.4324,
21 82.04.4326, 82.04.4327, 82.04.4332, 82.04.434, 82.04.600, 82.04.610,

1 82.04.615, 82.04.335, 82.04.338, 82.04.4271, 82.04.640, 82.04.4298,
2 82.04.324, 82.04.326, 82.04.327, 82.04.355, 82.04.4263, 82.04.4264,
3 82.04.4265, 82.04.4289, 82.04.4297, 82.04.4311, 82.04.4337, 82.04.620,
4 and 82.04.635; prescribing penalties; and providing effective dates.

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

6 **PART I - Authorizing a Corporate Net Income Tax**

7 NEW SECTION. **Sec. 101.** DEFINITIONS. Unless the context clearly
8 requires otherwise, the definitions in this section apply throughout
9 this title. Except as provided in this section, any term used in this
10 title has the same meaning as when used in a comparable context in the
11 internal revenue code.

12 (1) "Department" means the state department of revenue.

13 (2) "Internal revenue code" means the United States internal
14 revenue code of 1986 and amendments thereto, as existing and in effect
15 on January 1, 2012.

16 (3) "Taxable income" means federal taxable income after making the
17 additions, subtractions, apportionments, and allocations provided under
18 this title.

19 (4) "Taxable year" means the taxpayer's taxable year as defined
20 under the internal revenue code.

21 (5) "Taxpayer" means a corporation receiving income subject to tax
22 under this title.

23 NEW SECTION. **Sec. 102.** CORPORATE PRIVILEGE TAX IMPOSED.
24 Beginning January 1, 2014, a tax is imposed at the rate of 7.0 percent
25 for each taxable year on the taxable income of corporations for the
26 privilege of engaging in business within the state.

27 NEW SECTION. **Sec. 103.** TAXABLE INCOME MODIFICATIONS. In
28 computing taxable income, modifications must be made to the taxpayer's
29 federal taxable income as required under this section, unless the
30 modification has the effect of duplicating an item of income or
31 deduction.

32 (1) Add amounts that have been deducted in computing federal

1 taxable income to the extent the amounts have been carried over from
2 taxable years ending before the effective date of this section.

3 (2) Add amounts that have been deducted in computing federal
4 taxable income to the extent the amounts have been carried back from
5 future taxable years.

6 (3) Add taxes on or measured by net income that have been deducted
7 under the internal revenue code in computing federal taxable income.

8 (4) Add gross income that has been excluded under 26 U.S.C. Sec.
9 103 of the internal revenue code in computing federal taxable income,
10 except gross income derived from obligations of the state of Washington
11 or political subdivisions of the state of Washington. However, the
12 amount added under this subsection must be reduced by any expenses
13 incurred in the production of amounts added under this subsection, to
14 the extent the expenses have not been deducted in computing federal
15 taxable income.

16 (5) Deduct gross income that the state is prohibited from taxing
17 under the Constitution or laws of the United States, to the extent the
18 gross income was included in computing federal taxable income.
19 However, the amount deducted under this subsection must be reduced by
20 any expenses incurred in the production of amounts subtracted under
21 this subsection, to the extent the expenses have been deducted in
22 computing federal taxable income.

23 (6) Deduct income attributable to activities subject to tax under
24 chapter 82.04 RCW for periods prior to the effective date of this
25 section, to the extent the gross income was included in computing
26 federal taxable income. However, the amount deducted under this
27 subsection must be reduced by any expenses incurred in the production
28 of such income, to the extent the expenses have been deducted in
29 computing federal taxable income.

30 (7) Deduct income attributable to activities subject to tax under
31 chapter 82.16 RCW, to the extent the gross income was included in
32 computing federal taxable income. However, the amount deducted under
33 this subsection must be reduced by any expenses incurred in the
34 production of such income to the extent the expenses have been deducted
35 in calculating federal taxable income.

36 (8) Deduct income attributable to insurance business upon which a
37 tax based on gross premiums is paid to the state. However, the amount

1 deducted under this subsection must be reduced by any expense incurred
2 in the production of such income to the extent the expense has been
3 deducted in calculating federal taxable income.

4 (9) Add any amounts subject to tax under subchapter F, chapter 1,
5 subtitle A of the internal revenue code. For the purposes of
6 computations under this section, if a nonprofit organization has no
7 federal taxable income, or a negative federal taxable income, federal
8 taxable income must be treated as if it were zero.

9 (10) Add amounts upon which an S corporation is subject to tax
10 under subchapter S, chapter 1, subtitle A of the internal revenue code.

11 NEW SECTION. **Sec. 104.** TAX RETURNS FOR FRACTIONAL YEAR. If the
12 first taxable year of any taxpayer with respect to which a tax is
13 imposed by this title ends before December 31st of the calendar year in
14 which this title becomes effective, referred to in this section as a
15 fractional taxable year, the taxable income for the fractional taxable
16 year shall be the taxpayer's taxable income for the entire taxable
17 year, adjusted by one of the following methods, at the taxpayer's
18 election:

19 (1) The taxable income must be multiplied by a fraction. The
20 numerator of the fraction is the number of days in the fractional
21 taxable year. The denominator of the fraction is the number of days in
22 the entire taxable year.

23 (2) The taxable income must be adjusted, in accordance with rules
24 of the department, so as to include only such income and be reduced
25 only by such deductions as can be clearly determined from the permanent
26 records of the taxpayer to be attributable to the fractional taxable
27 year.

28 NEW SECTION. **Sec. 105.** ESTIMATION AGREEMENTS. The department may
29 reasonably estimate the items of business or nonbusiness income of a
30 taxpayer having an office within the state and one or more other states
31 or foreign countries that may be apportioned or allocated to the state
32 and may enter into estimation agreements with such taxpayers for the
33 determination of their liability for the tax imposed by this title.

34 NEW SECTION. **Sec. 106.** APPORTIONMENT AND ALLOCATION OF INCOME.

35 (1) For corporations other than financial organizations or public

1 utilities, all income must be apportioned and allocated to this state
2 except income that is apportioned or allocated to another state under
3 RCW 82.56.010.

4 (2) For financial organizations and public utilities, as defined in
5 Article IV, section 1(d) and (f) of RCW 82.56.010, that are taxable
6 both within this state and in another state within the meaning of
7 Article IV, section 3 of RCW 82.56.010, the amount of net income to be
8 apportioned or allocated, or both, to this state must be determined in
9 accordance with rules adopted by the department. The rules must, as
10 far as the department deems practical, be consistent with the
11 provisions of Article IV of RCW 82.56.010. In developing the rules,
12 the department shall also give appropriate consideration to any uniform
13 regulations adopted by the multistate tax commission pursuant to
14 Article VII of RCW 82.56.010, and to the rules of other states in which
15 the financial organizations and public utilities are also taxable.

16 NEW SECTION. **Sec. 107.** COMBINED REPORTING. (1) The department
17 may permit or require a corporation that is subject to taxation under
18 this title and is a part of a water's edge combined group to file a
19 combined report covering the combined operations of the group. The
20 report must contain such information as is designated in rules adopted
21 by the department.

22 (2) A corporation is a part of a water's edge combined group if it
23 is engaged in business activities that are integrated with, dependent
24 upon, or that contribute to the business activities of the group as a
25 whole. Only corporations meeting one or more of the following
26 descriptions may be included in a water's edge combined group:

27 (a) Corporations included or includable in a consolidated return
28 for federal income tax purposes;

29 (b) United States possessions corporations;

30 (c) Corporations incorporated in any United States possession or
31 territory;

32 (d) Domestic international sales corporations or foreign sales
33 corporations;

34 (e) Corporations incorporated in a country that either does not
35 impose an income tax or imposes an income tax at a rate lower than
36 ninety percent of the federal tax rate on the federally defined income
37 tax base, if:

1 (i) Fifty percent or more of either the sales or purchases or of
2 payments of income or expenses, exclusive of payments for intangible
3 property, or payments of eighty percent or more of all expenses are
4 made directly or indirectly to one or more members of a water's edge
5 combined group; or

6 (ii) The corporation conducts no significant economic activity;

7 (f) Foreign corporations having at least a threshold level of
8 business activity in the United States, as determined under rules of
9 the department;

10 (g) United States corporations that are members of a group of two
11 or more corporations with a common owner or owners, either corporate or
12 noncorporate, where more than fifty percent of the voting stock of each
13 member corporation is directly or indirectly owned by the common owner
14 or owners or by one or more of the member corporations.

15 (3) The income attributable to the Washington activities of a
16 corporation that is a part of a water's edge combined group must be
17 determined by the apportionment of the entire business net income of
18 the group and the allocation of nonbusiness income of the corporation,
19 using the factors and methods in section 106 of this act and the rules
20 of the department adopted under section 106 of this act. Business net
21 income may include income of corporations that do not have federal
22 taxable income because they are not subject to federal taxation.

23 NEW SECTION. **Sec. 108.** ESTIMATED TAX IMPOSED--DUE DATE OF
24 ESTIMATED TAXES--AMOUNT OF ESTIMATED TAX--UNDERPAYMENT PENALTY. (1)
25 Each taxpayer who is required by the internal revenue code to make
26 payment of estimated taxes must pay to the department on forms
27 prescribed by the department the estimated taxes due under this title.

28 (2) The provisions of the internal revenue code relating to the
29 determination of reporting periods and due dates of payments of
30 estimated tax apply to the estimated tax payments due under this
31 section.

32 (3) The amount of the estimated tax is the annualized tax divided
33 by the number of months in the reporting period. No estimated tax is
34 due if the annualized tax is less than five hundred dollars. The
35 provisions of RCW 82.32.050 and 82.32.090 apply to underpayments of
36 estimated tax but do not apply to underpayments if the tax remitted to

1 the department under this title is either ninety percent of the tax
2 shown on the return or one hundred percent of the tax shown on the
3 previous year's tax return.

4 (4) For purposes of this section, the annualized tax is the
5 taxpayer's projected tax liability for the taxable year as computed
6 under section 6654 of the internal revenue code and the regulations
7 thereunder.

8 NEW SECTION. **Sec. 109.** METHOD OF ACCOUNTING. (1) A taxpayer's
9 method of accounting for purposes of the tax imposed under this title
10 must be the same as the taxpayer's method of accounting for federal
11 income tax purposes. If no method of accounting has been regularly
12 used by a taxpayer for federal income tax purposes or if the method
13 used does not clearly reflect income, tax due under this title is
14 computed by a method of accounting that in the opinion of the
15 department fairly reflects income.

16 (2) If a corporation's method of accounting is changed for federal
17 income tax purposes, it must be similarly changed for purposes of this
18 title.

19 NEW SECTION. **Sec. 110.** CORPORATIONS REQUIRED TO FILE RETURNS.
20 (1) All taxpayers must file with the department, on forms prescribed
21 by the department, an income tax return for each taxable year. A
22 corporation owing no tax for a taxable year is not required to file a
23 return for that year. Each corporation required to file a return under
24 this title must, without assessment, notice, or demand, pay any tax due
25 thereon to the department on or before the date fixed for the filing of
26 the return.

27 (2) The department may by rule require that certain taxpayers file,
28 on forms prescribed by the department, informational returns for any
29 period.

30 (3) If an adjustment to a taxpayer's federal return is made by the
31 taxpayer or the internal revenue service, the taxpayer must, within
32 ninety days of the final determination of the adjustment by the
33 internal revenue service or within thirty days of the filing of a
34 federal return adjusted by the taxpayer, file with the department on
35 forms prescribed by the department, a corrected return reflecting the
36 adjustments as finally determined. The taxpayer must pay any

1 additional tax due resulting from the finally determined internal
2 revenue service adjustment or a taxpayer adjustment without notice and
3 assessment. The period of limitation for the collection of the
4 additional tax, interest, and penalty due as a result of an adjustment
5 by the taxpayer or a finally determined internal revenue service
6 adjustment begins at the later of thirty days following the final
7 determination of the adjustment or the date of the filing of the
8 corrected return.

9 NEW SECTION. **Sec. 111.** DUE DATE FOR FILING A RETURN--EXTENSIONS--
10 INTEREST AND PENALTIES. The due date of a return required to be filed
11 with the department is the due date of the federal income tax return or
12 informational return for federal income tax purposes. The department
13 has the authority to grant extensions of times by which returns
14 required to be filed by this title may be submitted. The department
15 also has the authority to grant extensions of time to pay tax with
16 regard to taxes imposed by this title. Interest at the rate as
17 specified in RCW 82.32.050 accrues during any extension period and the
18 interest and penalty provisions of chapter 82.32 RCW apply to late
19 payments and deficiencies. Notwithstanding the limitation of RCW
20 82.32.090, in the case of the late filing of an informational return,
21 there is imposed a penalty the amount of which must be established by
22 the department by rule. The penalty may not exceed fifty dollars per
23 month for a maximum of ten months. RCW 82.32.105 applies to this
24 section.

25 NEW SECTION. **Sec. 112.** RECORDS--RETURNS. (1) Every taxpayer
26 required to deduct and withhold the tax imposed under this title must
27 keep records, render statements, make returns, file reports, and
28 perform other acts as the department requires by rule. Each return
29 must be made under penalty of perjury and on forms prescribed by the
30 department. The department may require other statements and reports be
31 made under penalty of perjury and on forms prescribed by the
32 department. The department may require any taxpayer required to deduct
33 and withhold the tax imposed under this title to furnish to the
34 department a correct copy of any return or document that the taxpayer
35 has filed with the internal revenue service or received from the
36 internal revenue service.

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

4 NEW SECTION. **Sec. 113.** PROVISIONS OF INTERNAL REVENUE CODE
5 CONTROL. (1) To the extent possible without being inconsistent with
6 this title, all of the provisions of the internal revenue code relating
7 to the following subjects apply to the taxes imposed under this title:

- 8 (a) Liability of transferees;
- 9 (b) Time and manner of making returns, extensions of time for
10 filing returns, verification of returns, and the time when a return is
11 deemed filed.

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

16 NEW SECTION. **Sec. 114.** ADMINISTRATIVE PROVISIONS. Chapter 82.32
17 RCW applies to the taxes imposed in this chapter.

18 NEW SECTION. **Sec. 115.** RULES. The department may adopt rules
19 under chapter 34.05 RCW for the administration and enforcement of this
20 title. The rules, to the extent possible without being inconsistent
21 with this title, must follow the internal revenue code and the
22 regulations and rulings of the United States department of the treasury
23 with respect to the federal income tax. The department may adopt as a
24 part of these rules any portions of the internal revenue code and
25 treasury department regulations and rulings, in whole or in part.

26 NEW SECTION. **Sec. 116.** CRIMES. (1) Any person who knowingly
27 attempts to evade the tax imposed under this title or payment thereof
28 is guilty of a class C felony as provided in chapter 9A.20 RCW.

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

32 (3) Any person who knowingly fails to pay tax, pay estimated tax,
33 make returns, keep records, or supply information, as required under

1 this title, is guilty of a gross misdemeanor as provided in chapter
2 9A.20 RCW.

3 NEW SECTION. **Sec. 117.** DISTRIBUTION OF REVENUE. Revenue from the
4 corporate privilege tax imposed in section 102 of this act must be
5 distributed as follows:

6 (1) Five and one-half percent must be deposited in the freight
7 mobility investment account created in RCW 46.68.300.

8 (2) Five and one-half percent must be deposited in the freight
9 mobility multimodal account created in RCW 46.68.310.

10 (3) Eleven percent must be deposited in the investing in innovation
11 account created in RCW 43.333.030 with an emphasis on low-cost clean
12 energy and water infrastructure projects. None of the funds may be
13 used for administration.

14 (4) Eleven percent must be deposited in the general fund and used
15 solely for watershed protection and restoration efforts statewide as
16 determined by the state conservation commission. None of the funds may
17 be used for administration.

18 (5) Thirty-three percent must be deposited in the general fund and
19 used solely for support of public baccalaureate institutions. Funds
20 provided in this subsection must be used in the following priority
21 order:

22 (a) At least seventy percent to lower tuition costs for resident
23 undergraduate students;

24 (b) At least twenty-five percent to provide additional funding for
25 the state need grant; and

26 (c) Up to five percent for general support of public baccalaureate
27 institutions.

28 (6) Thirty-four percent must be deposited in the general fund and
29 used solely for support of the state board for community and technical
30 colleges with an emphasis on adult basic education and technical
31 degrees. First priority for funding provided in this subsection must
32 be given to individuals eligible for the credit provided in 26 U.S.C.
33 Sec. 32 of the federal internal revenue code of 1986, as amended. None
34 of the funds may be used for administration.

35 **Sec. 118.** RCW 82.03.130 and 2005 c 253 s 7 are each amended to
36 read as follows:

1 (1) The board (~~shall have~~) has jurisdiction to decide the
2 following types of appeals:

3 (a) Appeals taken pursuant to RCW 82.03.190.

4 (b) Appeals from a county board of equalization pursuant to RCW
5 84.08.130.

6 (c) Appeals by an assessor or landowner from an order of the
7 director of revenue made pursuant to RCW 84.08.010 and 84.08.060, if
8 filed with the board of tax appeals within thirty days after the
9 mailing of the order, the right to such an appeal being hereby
10 established.

11 (d) Appeals by an assessor or owner of an intercounty public
12 utility or private car company from determinations by the director of
13 revenue of equalized assessed valuation of property and the
14 apportionment thereof to a county made pursuant to chapter 84.12 and
15 84.16 RCW, if filed with the board of tax appeals within thirty days
16 after mailing of the determination, the right to such appeal being
17 hereby established.

18 (e) Appeals by an assessor, landowner, or owner of an intercounty
19 public utility or private car company from a determination of any
20 county indicated ratio for such county compiled by the department of
21 revenue pursuant to RCW 84.48.075(~~(+ PROVIDED, That)~~). However:

22 (i) (~~Said~~) The appeal must be filed after review of the ratio
23 under RCW 84.48.075(3) and not later than fifteen days after the
24 mailing of the certification; and

25 (ii) The hearing before the board (~~shall~~) must be expeditiously
26 held in accordance with rules prescribed by the board and (~~shall~~)
27 takes precedence over all matters of the same character.

28 (f) Appeals from the decisions of sale price of second-class
29 shorelands on navigable lakes by the department of natural resources
30 pursuant to RCW (~~(79.94.210)~~) 79.125.450.

31 (g) Appeals from urban redevelopment property tax apportionment
32 district proposals established by governmental ordinances pursuant to
33 RCW 39.88.060.

34 (h) Appeals from interest rates as determined by the department of
35 revenue for use in valuing farmland under current use assessment
36 pursuant to RCW 84.34.065.

37 (i) Appeals from revisions to stumpage value tables used to
38 determine value by the department of revenue pursuant to RCW 84.33.091.

1 (j) Appeals from denial of tax exemption application by the
2 department of revenue pursuant to RCW 84.36.850.

3 (k) Appeals pursuant to RCW 84.40.038(3).

4 (l) Appeals pursuant to RCW 84.39.020.

5 (m) Appeals relating to income tax deficiencies and refunds
6 including penalties and interest under Title 82A RCW.

7 (2) Except as otherwise specifically provided by law hereafter, the
8 provisions of RCW 1.12.070 (~~shall~~) apply to all notices of appeal
9 filed with the board of tax appeals.

10 **Sec. 119.** RCW 82.03.140 and 2000 c 103 s 1 are each amended to
11 read as follows:

12 (1) In all appeals over which the board has jurisdiction under RCW
13 82.03.130, a party taking an appeal may elect either a formal or an
14 informal hearing, such election to be made according to rules of
15 practice and procedure to be promulgated by the board(~~(~~PROVIDED,~~~~
16 ~~That~~)). However, nothing (~~shall~~) prevents the assessor or taxpayer,
17 as a party to an appeal pursuant to RCW 84.08.130, within twenty days
18 from the date of the receipt of the notice of appeal, from filing with
19 the clerk of the board notice of intention that the hearing be a formal
20 one(~~(~~PROVIDED, HOWEVER, That~~)~~)).

21 (2) Nothing (~~herein shall~~) in this section may be construed to
22 modify the provisions of RCW 82.03.190(~~(~~AND PROVIDED FURTHER,~~~~
23 ~~That~~)).

24 (3) Upon an appeal under RCW 82.03.130(1) (e) or (m), the director
25 of revenue may, within ten days from the date of its receipt of the
26 notice of appeal, file with the clerk of the board notice of its
27 (~~intention that the hearing be held pursuant to chapter 34.05 RCW~~)
28 election of a formal hearing.

29 (4) In the event that appeals are taken from the same decision,
30 order, or determination, as the case may be, by different parties and
31 only one of such parties elects a formal hearing, a formal hearing
32 (~~shall~~) must be granted.

33 **PART II - Repealing the State Business and Occupation Tax**

34 NEW SECTION. **Sec. 201.** The following acts or parts of acts, as

- 1 now existing or hereafter amended, are each repealed, effective January
2 1, 2014:
- 3 (1) RCW 82.04.220 (Business and occupation tax imposed) and 2011
4 1st sp.s. c 20 s 101, 2010 1st sp.s. c 23 s 102, & 1961 c 15 s
5 82.04.220;
- 6 (2) RCW 82.04.230 (Tax upon extractors) and 2006 c 300 s 5, 1993
7 sp.s. c 25 s 101, 1971 ex.s. c 281 s 2, 1969 ex.s. c 262 s 33, 1967
8 ex.s. c 149 s 7, & 1961 c 15 s 82.04.230;
- 9 (3) RCW 82.04.240 (Tax on manufacturers) and 2010 c 114 s 104, 2004
10 c 24 s 4, 2003 c 149 s 3, 1998 c 312 s 3, 1993 sp.s. c 25 s 102, 1981
11 c 172 s 1, 1979 ex.s. c 196 s 1, 1971 ex.s. c 281 s 3, 1969 ex.s. c 262
12 s 34, 1967 ex.s. c 149 s 8, 1965 ex.s. c 173 s 5, & 1961 c 15 s
13 82.04.240;
- 14 (4) RCW 82.04.2403 (Manufacturer tax not applicable to cleaning
15 fish) and 1994 c 167 s 1;
- 16 (5) RCW 82.04.2404 (Manufacturers--Processors for hire--
17 Semiconductor materials) and 2010 c 114 s 105 & 2006 c 84 s 2;
- 18 (6) RCW 82.04.250 (Tax on retailers) and 2010 1st sp.s. c 23 s 509,
19 2010 1st sp.s. c 23 s 508, 2010 1st sp.s. c 11 s 1, 2008 c 81 s 5, 2006
20 c 177 s 5, & 2003 2nd sp.s. c 1 s 2;
- 21 (7) RCW 82.04.255 (Tax on real estate brokers) and 2011 c 322 s 2,
22 1997 c 7 s 1, 1996 c 1 s 1, 1993 sp.s. c 25 s 202, 1985 c 32 s 2, 1983
23 2nd ex.s. c 3 s 1, 1983 c 9 s 1, & 1970 ex.s. c 65 s 3;
- 24 (8) RCW 82.04.257 (Tax on digital products and services) and 2010
25 c 111 s 301 & 2009 c 535 s 401;
- 26 (9) RCW 82.04.260 (Tax on manufacturers and processors of various
27 foods and by-products--Research and development organizations--Travel
28 agents--Certain international activities--Stevedoring and associated
29 activities--Low-level waste disposers--Insurance producers, surplus
30 line brokers, and title insurance agents--Hospitals--Commercial
31 airplane activities--Timber product activities--Canned salmon
32 processors) and 2011 c 2 s 203, 2010 1st sp.s. c 23 s 506, & 2010 c 114
33 s 107;
- 34 (10) RCW 82.04.261 (Surcharge on timber and wood product
35 manufacturers, extractors, and wholesalers) and 2010 1st sp.s. c 23 s
36 510;
- 37 (11) RCW 82.04.263 (Tax on cleaning up radioactive waste and other

1 by-products of weapons production and nuclear research and development)
2 and 2009 c 469 s 202 & 1996 c 112 s 3;
3 (12) RCW 82.04.270 (Tax on wholesalers) and 2004 c 24 s 5, 2003 2nd
4 sp.s. c 1 s 5, 2001 1st sp.s. c 9 s 3, & 1999 c 358 s 2;
5 (13) RCW 82.04.272 (Tax on warehousing and reselling prescription
6 drugs) and 2003 c 168 s 401 & 1998 c 343 s 1;
7 (14) RCW 82.04.280 (Tax on printers, publishers, highway
8 contractors, extracting or processing for hire, cold storage warehouse
9 or storage warehouse operation, insurance general agents, radio and
10 television broadcasting, government contractors--Cold storage warehouse
11 defined--Storage warehouse defined--Periodical or magazine defined) and
12 2010 c 106 s 206, 2010 c 106 s 205, 2009 c 461 s 3, 2009 c 461 s 2,
13 2006 c 300 s 7, 2006 c 300 s 6, 2004 c 24 s 6, 2003 c 149 s 4, 1998 c
14 343 s 3, 1994 c 112 s 1, 1993 sp.s. c 25 s 303, 1993 sp.s. c 25 s 106,
15 1986 c 226 s 2, 1983 c 132 s 1, 1975 1st ex.s. c 90 s 3, 1971 ex.s. c
16 299 s 5, 1971 ex.s. c 281 s 7, & 1970 ex.s. c 8 s 2;
17 (15) RCW 82.04.285 (Tax on contests of chance) and 2005 c 369 s 5;
18 (16) RCW 82.04.286 (Tax on horse races) and 2005 c 369 s 6;
19 (17) RCW 82.04.290 (Tax on international investment management
20 services or other business or service activities) and 2011 c 174 s 101,
21 2008 c 81 s 6, 2005 c 369 s 8, 2004 c 174 s 2, 2003 c 343 s 2, & 2001
22 1st sp.s. c 9 s 6;
23 (18) RCW 82.04.29001 (Creation and distribution of custom
24 software--Customization of prewritten computer software--Taxable
25 services) and 2003 c 168 s 602 & 1998 c 332 s 4;
26 (19) RCW 82.04.29002 (Additional tax on certain business and
27 service activities) and 2010 1st sp.s. c 23 s 1101;
28 (20) RCW 82.04.2905 (Tax on providing day care) and 1998 c 312 s 7;
29 (21) RCW 82.04.2906 (Tax on certain chemical dependency services)
30 and 2003 c 343 s 1;
31 (22) RCW 82.04.2907 (Tax on royalties) and 2010 1st sp.s. c 23 s
32 107, 2010 c 111 s 302, 2009 c 535 s 407, 2001 c 320 s 3, & 1998 c 331
33 s 1;
34 (23) RCW 82.04.2908 (Tax on provision of room and domiciliary care
35 to boarding home residents) and 2005 c 514 s 302 & 2004 c 174 s 1;
36 (24) RCW 82.04.2909 (Tax on aluminum smelters) and 2011 c 174 s
37 301;

1 (25) RCW 82.04.293 (International investment management services--
2 Definitions) and 1997 c 7 s 3 & 1995 c 229 s 1;
3 (26) RCW 82.04.298 (Tax on qualified grocery distribution
4 cooperatives) and 2011 c 2 s 204, 2010 1st sp.s. c 23 s 511, 2008 c 49
5 s 1, & 2001 1st sp.s. c 9 s 1;
6 (27) RCW 82.04.315 (Exemptions--International banking facilities)
7 and 1982 c 95 s 7;
8 (28) RCW 82.04.317 (Exemptions--Motor vehicle sales by
9 manufacturers at wholesale auctions to dealers) and 1997 c 4 s 1;
10 (29) RCW 82.04.330 (Exemptions--Sales of agricultural products) and
11 2001 c 118 s 3, 1993 sp.s. c 25 s 305, 1988 c 253 s 2, & 1987 c 23 s 4;
12 (30) RCW 82.04.331 (Exemptions--Wholesale sales to farmers of seed
13 for planting, conditioning seed for planting owned by others) and 1998
14 c 170 s 2;
15 (31) RCW 82.04.332 (Exemptions--Buying and selling at wholesale
16 unprocessed milk, wheat, oats, dry peas, dry beans, lentils, triticale,
17 canola, corn, rye, and barley) and 2007 c 131 s 1 & 1998 c 312 s 2;
18 (32) RCW 82.04.333 (Exemptions--Small harvesters) and 2011 c 101 s
19 4, 2007 c 48 s 5, & 1990 c 141 s 1;
20 (33) RCW 82.04.334 (Exemptions--Standing timber) and 2010 1st sp.s.
21 c 23 s 512 & 2007 c 48 s 3;
22 (34) RCW 82.04.337 (Exemptions--Amounts received by hop growers or
23 dealers for processed hops shipped outside the state) and 1987 c 495 s
24 1;
25 (35) RCW 82.04.392 (Exemptions--Mortgage brokers' third-party
26 provider services trust accounts) and 1998 c 311 s 3 & 1997 c 106 s 21;
27 (36) RCW 82.04.405 (Exemptions--Credit unions) and 1998 c 311 s 4
28 & 1970 ex.s. c 101 s 3;
29 (37) RCW 82.04.416 (Exemptions--Operation of state route No. 16)
30 and 1998 c 179 s 3;
31 (38) RCW 82.04.421 (Exemptions--Out-of-state membership sales in
32 discount programs) and 1997 c 408 s 1;
33 (39) RCW 82.04.422 (Exemptions--Wholesale sales of motor vehicles)
34 and 2004 c 81 s 1 & 2001 c 258 s 1;
35 (40) RCW 82.04.425 (Exemptions--Accommodation sales) and 1980 c 37
36 s 78, 1965 ex.s. c 173 s 9, & 1961 c 15 s 82.04.425;
37 (41) RCW 82.04.426 (Exemptions--Semiconductor microchips) and 2010
38 c 114 s 110 & 2003 c 149 s 2;

1 (42) RCW 82.04.4261 (Exemptions--Federal small business innovation
2 research program) and 2004 c 2 s 9;

3 (43) RCW 82.04.4262 (Exemptions--Federal small business technology
4 transfer program) and 2004 c 2 s 10;

5 (44) RCW 82.04.4267 (Exemptions--Operation of parking/business
6 improvement areas) and 2005 c 476 s 1;

7 (45) RCW 82.04.4281 (Deductions--Investments, dividends, interest
8 on loans) and 2007 c 54 s 9, 2002 c 150 s 2, & 1980 c 37 s 2;

9 (46) RCW 82.04.4287 (Deductions--Compensation for receiving,
10 washing, etc., horticultural products for person exempt under RCW
11 82.04.330--Materials and supplies used) and 1980 c 37 s 8;

12 (47) RCW 82.04.4292 (Deductions--Interest on investments or loans
13 secured by mortgages or deeds of trust) and 2010 1st sp.s. c 23 s 301
14 & 1980 c 37 s 12;

15 (48) RCW 82.04.4294 (Deductions--Interest on loans to farmers and
16 ranchers, producers or harvesters of aquatic products, or their
17 cooperatives) and 1980 c 37 s 14;

18 (49) RCW 82.04.4295 (Deductions--Manufacturing activities completed
19 outside the United States) and 1980 c 37 s 15;

20 (50) RCW 82.04.4296 (Deductions--Reimbursement for accommodation
21 expenditures by funeral homes) and 1980 c 37 s 16;

22 (51) RCW 82.04.433 (Deductions--Sales of fuel for consumption
23 outside United States' waters by vessels in foreign commerce) and 2009
24 c 494 s 2 & 1985 c 471 s 16;

25 (52) RCW 82.04.4333 (Credit--Job training services--Approval) and
26 1996 c 1 s 4;

27 (53) RCW 82.04.4339 (Deductions--Grants to support salmon
28 restoration) and 2004 c 241 s 1;

29 (54) RCW 82.04.4451 (Credit against tax due--Maximum credit--Table)
30 and 2010 1st sp.s. c 23 s 1102, 1997 c 238 s 2, & 1994 sp.s. c 2 s 1;

31 (55) RCW 82.04.44525 (Credit--New employment for international
32 service activities in eligible areas--Designation of census tracts for
33 eligibility--Records--Tax due upon ineligibility--Interest assessment--
34 Information from employment security department) and 2009 c 535 s 1104,
35 2008 c 81 s 9, & 1998 c 313 s 2;

36 (56) RCW 82.04.447 (Credit--Natural or manufactured gas purchased
37 by direct service industrial customers--Reports) and 2001 c 214 s 9;

1 (57) RCW 82.04.4482 (Credit--Sales of electricity or gas to an
2 aluminum smelter) and 2004 c 24 s 9;
3 (58) RCW 82.04.4486 (Credit--Syrup taxes paid by buyer) and 2006 c
4 245 s 1;
5 (59) RCW 82.04.601 (Exemptions--Affixing stamp services for
6 cigarette sales) and 2007 c 221 s 5;
7 (60) RCW 82.62.030 (Allowance of tax credits--Limitations) and 2007
8 c 485 s 3, 2001 c 320 s 13, 1999 c 164 s 306, 1997 c 366 s 5, 1996 c 1
9 s 3, & 1986 c 116 s 17;
10 (61) RCW 82.04.340 (Exemptions--Boxing, sparring, or wrestling
11 matches) and 2000 c 103 s 6, 1988 c 19 s 4, & 1961 c 15 s 82.04.340;
12 (62) RCW 82.04.424 (Exemptions--Certain in-state activities) and
13 2003 c 76 s 2;
14 (63) RCW 82.04.4272 (Deductions--Direct mail delivery charges) and
15 2005 c 514 s 114;
16 (64) RCW 82.04.4285 (Deductions--Motor vehicle fuel and special
17 fuel taxes) and 1998 c 176 s 3 & 1980 c 37 s 6;
18 (65) RCW 82.04.43391 (Deductions--Commercial aircraft loan interest
19 and fees) and 2010 1st sp.s. c 23 s 112;
20 (66) RCW 82.04.540 (Professional employer organizations--Taxable
21 under RCW 82.04.290(2)--Deduction) and 2006 c 301 s 1;
22 (67) RCW 82.04.645 (Exemptions--Financial institutions--Amounts
23 received from certain affiliated persons) and 2011 c 174 s 102 & 2010
24 1st sp.s. c 23 s 110;
25 (68) RCW 82.04.650 (Exemptions--Investment conduits and
26 securitization entities) and 2010 1st sp.s. c 23 s 111;
27 (69) RCW 82.04.410 (Exemptions--Hatching eggs and poultry) and 1967
28 ex.s. c 149 s 15 & 1961 c 15 s 82.04.410;
29 (70) RCW 82.04.339 (Exemptions--Day care provided by churches) and
30 1992 c 81 s 1;
31 (71) RCW 82.04.3395 (Exemptions--Child care resource and referral
32 services by nonprofit organizations) and 1995 2nd sp.s. c 11 s 3;
33 (72) RCW 82.04.363 (Exemptions--Camp or conference center--Items
34 sold or furnished by nonprofit organization) and 2009 c 535 s 409 &
35 1997 c 388 s 1;
36 (73) RCW 82.04.3651 (Exemptions--Amounts received by nonprofit
37 organizations for fund-raising activities) and 2010 c 106 s 208, 1999
38 c 358 s 3, & 1998 c 336 s 2;

1 (74) RCW 82.04.367 (Exemptions--Nonprofit organizations that are
2 guarantee agencies, issue debt, or provide guarantees for student
3 loans) and 1998 c 324 s 1 & 1987 c 433 s 1;

4 (75) RCW 82.04.368 (Exemptions--Nonprofit organizations--Credit and
5 debt services) and 1993 c 390 s 1;

6 (76) RCW 82.04.370 (Exemptions--Certain fraternal and beneficiary
7 organizations) and 1961 c 293 s 4 & 1961 c 15 s 82.04.370;

8 (77) RCW 82.04.380 (Exemptions--Certain corporations furnishing aid
9 and relief) and 1961 c 15 s 82.04.380;

10 (78) RCW 82.04.385 (Exemptions--Operation of sheltered workshops)
11 and 1988 c 176 s 915, 1988 c 13 s 1, 1972 ex.s. c 134 s 1, & 1970 ex.s.
12 c 81 s 3;

13 (79) RCW 82.04.395 (Exemptions--Certain materials printed in school
14 district and educational service district printing facilities) and 1979
15 ex.s. c 196 s 12;

16 (80) RCW 82.04.397 (Exemptions--Certain materials printed in
17 county, city, or town printing facilities) and 1979 ex.s. c 196 s 14;

18 (81) RCW 82.04.399 (Exemptions--Sales of academic transcripts) and
19 1996 c 272 s 1;

20 (82) RCW 82.04.408 (Exemptions--Housing finance commission) and
21 1983 c 161 s 25;

22 (83) RCW 82.04.415 (Exemptions--Sand, gravel and rock taken from
23 county or city pits or quarries, processing and handling costs) and
24 1965 ex.s. c 173 s 10;

25 (84) RCW 82.04.418 (Exemptions--Grants by United States government
26 to municipal corporations or political subdivisions) and 1983 1st ex.s.
27 c 66 s 2;

28 (85) RCW 82.04.419 (Exemptions--County, city, town, school
29 district, or fire district activity) and 1983 1st ex.s. c 66 s 3;

30 (86) RCW 82.04.4201 (Exemptions--Sales/leasebacks by regional
31 transit authorities) and 2000 2nd sp.s. c 4 s 24;

32 (87) RCW 82.04.4251 (Exemptions--Convention and tourism promotion)
33 and 2006 c 310 s 1;

34 (88) RCW 82.04.4282 (Deductions--Fees, dues, charges) and 2009 c
35 535 s 410, 1994 c 124 s 3, 1989 c 392 s 1, & 1980 c 37 s 3;

36 (89) RCW 82.04.4291 (Deductions--Compensation received by a
37 political subdivision from another political subdivision for services
38 taxable under RCW 82.04.290) and 1980 c 37 s 11;

1 (90) RCW 82.04.4293 (Deductions--Interest on obligations of the
2 state, its political subdivisions, and municipal corporations) and 1980
3 c 37 s 13;

4 (91) RCW 82.04.432 (Deductions--Municipal sewer service fees or
5 charges) and 1967 ex.s. c 149 s 17;

6 (92) RCW 82.04.4322 (Deductions--Artistic or cultural
7 organization--Compensation from United States, state, etc., for
8 artistic or cultural exhibitions, performances, or programs) and 1981
9 c 140 s 1;

10 (93) RCW 82.04.4324 (Deductions--Artistic or cultural
11 organization--Deduction for tax under RCW 82.04.240--Value of articles
12 for use in displaying art objects or presenting artistic or cultural
13 exhibitions, performances, or programs) and 1981 c 140 s 2;

14 (94) RCW 82.04.4326 (Deductions--Artistic or cultural
15 organizations--Tuition charges for attending artistic or cultural
16 education programs) and 1981 c 140 s 3;

17 (95) RCW 82.04.4327 (Deductions--Artistic and cultural
18 organizations--Income from business activities) and 1985 c 471 s 6;

19 (96) RCW 82.04.4332 (Deductions--Tuition fees of foreign degree-
20 granting institutions) and 1993 c 181 s 10;

21 (97) RCW 82.04.434 (Credit--Public safety standards and testing)
22 and 1991 c 13 s 1;

23 (98) RCW 82.04.600 (Exemptions--Materials printed in county, city,
24 town, school district, educational service district, library or library
25 district) and 1979 ex.s. c 266 s 8;

26 (99) RCW 82.04.610 (Exemptions--Import or export commerce) and 2007
27 c 477 s 2;

28 (100) RCW 82.04.615 (Exemptions--Certain limited purpose public
29 corporations, commissions, and authorities) and 2007 c 381 s 1;

30 (101) RCW 82.04.335 (Exemptions--Agricultural fairs) and 1965 ex.s.
31 c 145 s 1;

32 (102) RCW 82.04.338 (Exemptions--Hop commodity commission or hop
33 commodity board business) and 1998 c 200 s 1;

34 (103) RCW 82.04.4271 (Deductions--Membership fees and certain
35 service fees by nonprofit youth organization) and 1981 c 74 s 1;

36 (104) RCW 82.04.640 (Exemptions--Washington vaccine association--
37 Certain assessments received) and 2010 c 174 s 16;

1 (105) RCW 82.04.4298 (Deductions--Repair, maintenance, replacement,
2 etc., of residential structures and commonly held property--Eligible
3 organizations) and 1980 c 37 s 18;
4 (106) RCW 82.04.324 (Exemptions--Qualifying blood, tissue, or blood
5 and tissue banks) and 2004 c 82 s 1 & 1995 2nd sp.s. c 9 s 3;
6 (107) RCW 82.04.326 (Exemptions--Qualified organ procurement
7 organizations) and 2002 c 113 s 1;
8 (108) RCW 82.04.327 (Exemptions--Adult family homes) and 1987 1st
9 ex.s. c 4 s 1;
10 (109) RCW 82.04.355 (Exemptions--Ride sharing) and 1999 c 358 s 8
11 & 1979 c 111 s 17;
12 (110) RCW 82.04.4263 (Exemptions--Income received by the life
13 sciences discovery fund authority) and 2005 c 424 s 11;
14 (111) RCW 82.04.4264 (Exemptions--Nonprofit boarding homes--Room
15 and domiciliary care) and 2005 c 514 s 301;
16 (112) RCW 82.04.4265 (Exemptions--Comprehensive cancer centers) and
17 2005 c 514 s 401;
18 (113) RCW 82.04.4289 (Exemption--Compensation for patient services
19 or attendant sales of drugs dispensed pursuant to prescription by
20 certain nonprofit organizations) and 2003 c 168 s 402, 1998 c 325 s 1,
21 1993 c 492 s 305, 1981 c 178 s 2, & 1980 c 37 s 10;
22 (114) RCW 82.04.4297 (Deductions--Compensation from public entities
23 for health or social welfare services--Exception) and 2011 1st sp.s. c
24 19 s 2, 2002 c 314 s 3, 2001 2nd sp.s. c 23 s 2, 1988 c 67 s 1, & 1980
25 c 37 s 17;
26 (115) RCW 82.04.4311 (Deductions--Compensation received under the
27 federal medicare program by certain hospitals or health centers) and
28 2005 c 86 s 1 & 2002 c 314 s 2;
29 (116) RCW 82.04.4337 (Deductions--Certain amounts received by
30 boarding homes) and 2004 c 174 s 7;
31 (117) RCW 82.04.620 (Exemptions--Certain prescription drugs) and
32 2007 c 447 s 1; and
33 (118) RCW 82.04.635 (Exemptions--Nonprofits providing legal
34 services to low-income persons) and 2009 c 508 s 1.

35 **PART III - Eliminating Municipal Business and Occupation Taxes**

