

SB 6690 - S AMD 1367  
By Senator Liiias

ADOPTED AS AMENDED 03/10/2020

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** (1) Over the past two decades, the  
4 legislature has taken significant action to ensure the continued  
5 presence and competitiveness of Washington's aerospace industry. The  
6 legislature finds that the industry plays a significant role not only  
7 in the health of Washington's economy, but also in the health of the  
8 United States economy. Moreover, the competitiveness of the domestic  
9 aerospace industry has faced significant challenges with the large  
10 subsidies provided to international competitors.

11 (2) The legislature finds that a commitment to the elimination of  
12 trade barriers for aerospace as well as several other vital  
13 Washington exports is important. The legislature also wishes to help  
14 bring the United States into full compliance with a recent world  
15 trade organization ruling asserting Washington's business and  
16 occupation tax rate of 0.2904 percent violates world trade  
17 organization rules. The legislature hopes this action to help bring  
18 the United States into compliance will end the threat of retaliatory  
19 tariffs against many of Washington's industries, including  
20 agricultural products, fish, wine, and intellectual property.

21 (3) The legislature appreciates the state aerospace industry's  
22 commitment to complying with the world trade organization ruling by  
23 advocating for the repeal of the preferential business and occupation  
24 tax. The legislature hopes that the repeal of this Washington  
25 aerospace preference will ensure continued economic success and  
26 competitiveness for the industry as well as many other industries.  
27 The legislature further hopes that the repeal of the 0.2904 business  
28 and occupation tax will allow for the complete resolution of all  
29 trade disputes surrounding large civil aircraft.

30 (4) The legislature further finds that the people of Washington  
31 benefit from the presence of the aerospace industry in Washington  
32 state. The industry provides good wages and benefits for thousands of  
33 engineers, technicians, mechanics, and support staff working across

1 the state. Furthermore, the legislature has a goal of preserving and  
2 growing employment in Washington state. The legislature intends that  
3 the future consideration of all tax measures will work to achieve  
4 this goal in a manner compliant with the world trade organization.

5 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04  
6 RCW to read as follows:

7 The rate of 0.357 percent authorized pursuant to RCW  
8 82.04.260(11)(e) may be imposed only if the following conditions are  
9 met:

10 (1) The department of commerce verifies with the United States  
11 trade representative that the United States and the European Union  
12 have entered into a written agreement that resolves any world trade  
13 organization disputes involving large civil aircraft.

14 (2) Such agreement expressly allows a business and occupation tax  
15 rate reduction for commercial airplane manufacturers to either 0.2904  
16 percent or, if that rate is not permissible, a specific alternative  
17 tax rate, or a specific amount or maximum amount by which the  
18 existing tax rates may be reduced, that results in a tax rate of at  
19 least 0.357 percent.

20 (3) The department of commerce notifies the department in writing  
21 that the conditions of subsections (1) and (2) of this section are  
22 met and provides a copy of the written notice from the United States  
23 trade representative to the department.

24 (4) The department of labor and industries notifies the  
25 department in writing that a significant commercial airplane  
26 manufacturer has at least a three-tenths of one percent aerospace  
27 apprenticeship utilization rate of its qualified apprenticeable  
28 workforce in Washington, as defined in section 4 of this act.

29 (5) No rate reduction is allowed under RCW 82.04.260(11)(e) if  
30 the written notice from the United States trade representative does  
31 not expressly specify either the specific allowable tax rate, or the  
32 specific amount or maximum amount by which the existing tax rates may  
33 be reduced as provided under the agreement between the United States  
34 and the European Union.

35 (6) Within thirty days of receiving the last of the written  
36 notices described in subsections (3) and (4) of this section, the  
37 department must provide written notice to the chief clerk of the  
38 house of representatives, the secretary of the senate, the office of  
39 the code reviser, and others as deemed appropriate by the department,

1 that the tax rates in RCW 82.04.260(11)(e) are reduced to 0.357  
2 percent and the effective date of the rate reduction.

3 (7) Any rate reduction to 0.357 percent pursuant to this section  
4 and RCW 82.04.260(11)(e) must occur on the first day of the next  
5 calendar quarter that is at least sixty days after the department  
6 receives the last of the written notices described in subsections (3)  
7 and (4) of this section.

8 (8) For the purpose of this section, "world trade organization  
9 disputes involving large civil airplanes" means any disputes filed by  
10 the United States or the European Union prior to the effective date  
11 of this section that involve either allegations of subsidies to large  
12 civil airplanes, or allegations of taxes imposed by Washington on  
13 commercial airplanes, or both.

14 **Sec. 3.** RCW 82.04.260 and 2019 c 425 s 1 and 2019 c 336 s 4 are  
15 each reenacted and amended to read as follows:

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

18 (a) Wheat into flour, barley into pearl barley, soybeans into  
19 soybean oil, canola into canola oil, canola meal, or canola by-  
20 products, or sunflower seeds into sunflower oil; as to such persons  
21 the amount of tax with respect to such business is equal to the value  
22 of the flour, pearl barley, oil, canola meal, or canola by-product  
23 manufactured, multiplied by the rate of 0.138 percent;

24 (b) Beginning July 1, 2025, seafood products that remain in a  
25 raw, raw frozen, or raw salted state at the completion of the  
26 manufacturing by that person; or selling manufactured seafood  
27 products that remain in a raw, raw frozen, or raw salted state at the  
28 completion of the manufacturing, to purchasers who transport in the  
29 ordinary course of business the goods out of this state; as to such  
30 persons the amount of tax with respect to such business is equal to  
31 the value of the products manufactured or the gross proceeds derived  
32 from such sales, multiplied by the rate of 0.138 percent. Sellers  
33 must keep and preserve records for the period required by RCW  
34 82.32.070 establishing that the goods were transported by the  
35 purchaser in the ordinary course of business out of this state;

36 (c) (i) Except as provided otherwise in (c) (iii) of this  
37 subsection, from July 1, 2025, until January 1, 2036, dairy products;  
38 or selling dairy products that the person has manufactured to  
39 purchasers who either transport in the ordinary course of business

1 the goods out of state or purchasers who use such dairy products as  
2 an ingredient or component in the manufacturing of a dairy product;  
3 as to such persons the tax imposed is equal to the value of the  
4 products manufactured or the gross proceeds derived from such sales  
5 multiplied by the rate of 0.138 percent. Sellers must keep and  
6 preserve records for the period required by RCW 82.32.070  
7 establishing that the goods were transported by the purchaser in the  
8 ordinary course of business out of this state or sold to a  
9 manufacturer for use as an ingredient or component in the  
10 manufacturing of a dairy product.

11 (ii) For the purposes of this subsection (1)(c), "dairy products"  
12 means:

13 (A) Products, not including any marijuana-infused product, that  
14 as of September 20, 2001, are identified in 21 C.F.R., chapter 1,  
15 parts 131, 133, and 135, including by-products from the manufacturing  
16 of the dairy products, such as whey and casein; and

17 (B) Products comprised of not less than seventy percent dairy  
18 products that qualify under (c)(ii)(A) of this subsection, measured  
19 by weight or volume.

20 (iii) The preferential tax rate provided to taxpayers under this  
21 subsection (1)(c) does not apply to sales of dairy products on or  
22 after July 1, 2023, where a dairy product is used by the purchaser as  
23 an ingredient or component in the manufacturing in Washington of a  
24 dairy product;

25 (d)(i) Beginning July 1, 2025, fruits or vegetables by canning,  
26 preserving, freezing, processing, or dehydrating fresh fruits or  
27 vegetables, or selling at wholesale fruits or vegetables manufactured  
28 by the seller by canning, preserving, freezing, processing, or  
29 dehydrating fresh fruits or vegetables and sold to purchasers who  
30 transport in the ordinary course of business the goods out of this  
31 state; as to such persons the amount of tax with respect to such  
32 business is equal to the value of the products manufactured or the  
33 gross proceeds derived from such sales multiplied by the rate of  
34 0.138 percent. Sellers must keep and preserve records for the period  
35 required by RCW 82.32.070 establishing that the goods were  
36 transported by the purchaser in the ordinary course of business out  
37 of this state.

38 (ii) For purposes of this subsection (1)(d), "fruits" and  
39 "vegetables" do not include marijuana, useable marijuana, or  
40 marijuana-infused products; and

1 (e) Wood biomass fuel; as to such persons the amount of tax with  
2 respect to the business is equal to the value of wood biomass fuel  
3 manufactured, multiplied by the rate of 0.138 percent. For the  
4 purposes of this section, "wood biomass fuel" means a liquid or  
5 gaseous fuel that is produced from lignocellulosic feedstocks,  
6 including wood, forest, or field residue and dedicated energy crops,  
7 and that does not include wood treated with chemical preservations  
8 such as creosote, pentachlorophenol, or copper-chrome-arsenic.

9 (2) Upon every person engaging within this state in the business  
10 of splitting or processing dried peas; as to such persons the amount  
11 of tax with respect to such business is equal to the value of the  
12 peas split or processed, multiplied by the rate of 0.138 percent.

13 (3) Upon every nonprofit corporation and nonprofit association  
14 engaging within this state in research and development, as to such  
15 corporations and associations, the amount of tax with respect to such  
16 activities is equal to the gross income derived from such activities  
17 multiplied by the rate of 0.484 percent.

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

23 (5) (a) Upon every person engaging within this state in the  
24 business of acting as a travel agent or tour operator and whose  
25 annual taxable amount for the prior calendar year was two hundred  
26 fifty thousand dollars or less; as to such persons the amount of the  
27 tax with respect to such activities is equal to the gross income  
28 derived from such activities multiplied by the rate of 0.275 percent.

29 (b) Upon every person engaging within this state in the business  
30 of acting as a travel agent or tour operator and whose annual taxable  
31 amount for the calendar year was more than two hundred fifty thousand  
32 dollars; as to such persons the amount of the tax with respect to  
33 such activities is equal to the gross income derived from such  
34 activities multiplied by the rate of 0.275 percent through June 30,  
35 2019, and 0.9 percent beginning July 1, 2019.

36 (6) Upon every person engaging within this state in business as  
37 an international steamship agent, international customs house broker,  
38 international freight forwarder, vessel and/or cargo charter broker  
39 in foreign commerce, and/or international air cargo agent; as to such  
40 persons the amount of the tax with respect to only international

1 activities is equal to the gross income derived from such activities  
2 multiplied by the rate of 0.275 percent.

3 (7) Upon every person engaging within this state in the business  
4 of stevedoring and associated activities pertinent to the movement of  
5 goods and commodities in waterborne interstate or foreign commerce;  
6 as to such persons the amount of tax with respect to such business is  
7 equal to the gross proceeds derived from such activities multiplied  
8 by the rate of 0.275 percent. Persons subject to taxation under this  
9 subsection are exempt from payment of taxes imposed by chapter 82.16  
10 RCW for that portion of their business subject to taxation under this  
11 subsection. Stevedoring and associated activities pertinent to the  
12 conduct of goods and commodities in waterborne interstate or foreign  
13 commerce are defined as all activities of a labor, service or  
14 transportation nature whereby cargo may be loaded or unloaded to or  
15 from vessels or barges, passing over, onto or under a wharf, pier, or  
16 similar structure; cargo may be moved to a warehouse or similar  
17 holding or storage yard or area to await further movement in import  
18 or export or may move to a consolidation freight station and be  
19 stuffed, unstuffed, containerized, separated or otherwise segregated  
20 or aggregated for delivery or loaded on any mode of transportation  
21 for delivery to its consignee. Specific activities included in this  
22 definition are: Wharfage, handling, loading, unloading, moving of  
23 cargo to a convenient place of delivery to the consignee or a  
24 convenient place for further movement to export mode; documentation  
25 services in connection with the receipt, delivery, checking, care,  
26 custody and control of cargo required in the transfer of cargo;  
27 imported automobile handling prior to delivery to consignee; terminal  
28 stevedoring and incidental vessel services, including but not limited  
29 to plugging and unplugging refrigerator service to containers,  
30 trailers, and other refrigerated cargo receptacles, and securing ship  
31 hatch covers.

32 (8) (a) Upon every person engaging within this state in the  
33 business of disposing of low-level waste, as defined in RCW  
34 43.145.010; as to such persons the amount of the tax with respect to  
35 such business is equal to the gross income of the business, excluding  
36 any fees imposed under chapter 43.200 RCW, multiplied by the rate of  
37 3.3 percent.

38 (b) If the gross income of the taxpayer is attributable to  
39 activities both within and without this state, the gross income

1 attributable to this state must be determined in accordance with the  
2 methods of apportionment required under RCW 82.04.460.

3 (9) Upon every person engaging within this state as an insurance  
4 producer or title insurance agent licensed under chapter 48.17 RCW or  
5 a surplus line broker licensed under chapter 48.15 RCW; as to such  
6 persons, the amount of the tax with respect to such licensed  
7 activities is equal to the gross income of such business multiplied  
8 by the rate of 0.484 percent.

9 (10) Upon every person engaging within this state in business as  
10 a hospital, as defined in chapter 70.41 RCW, that is operated as a  
11 nonprofit corporation or by the state or any of its political  
12 subdivisions, as to such persons, the amount of tax with respect to  
13 such activities is equal to the gross income of the business  
14 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5  
15 percent thereafter.

16 (11)(a) Beginning October 1, 2005, upon every person engaging  
17 within this state in the business of manufacturing commercial  
18 airplanes, or components of such airplanes, or making sales, at  
19 retail or wholesale, of commercial airplanes or components of such  
20 airplanes, manufactured by the seller, as to such persons the amount  
21 of tax with respect to such business is, in the case of  
22 manufacturers, equal to the value of the product manufactured and the  
23 gross proceeds of sales of the product manufactured, or in the case  
24 of processors for hire, equal to the gross income of the business,  
25 multiplied by the rate of:

26 (i) 0.4235 percent from October 1, 2005, through June 30, 2007;  
27 ((and))

28 (ii) 0.2904 percent beginning July 1, 2007, through March 31,  
29 2020; and

30 (iii) Beginning April 1, 2020, 0.484 percent, subject to any  
31 reduction required under (e) of this subsection (11). The tax rate in  
32 this subsection (11)(a)(iii) applies to all business activities  
33 described in this subsection (11)(a).

34 (b) Beginning July 1, 2008, upon every person who is not eligible  
35 to report under the provisions of (a) of this subsection (11) and is  
36 engaging within this state in the business of manufacturing tooling  
37 specifically designed for use in manufacturing commercial airplanes  
38 or components of such airplanes, or making sales, at retail or  
39 wholesale, of such tooling manufactured by the seller, as to such  
40 persons the amount of tax with respect to such business is, in the

1 case of manufacturers, equal to the value of the product manufactured  
2 and the gross proceeds of sales of the product manufactured, or in  
3 the case of processors for hire, be equal to the gross income of the  
4 business, multiplied by the rate of:

5 (i) 0.2904 percent through March 31, 2020; and

6 (ii) Beginning April 1, 2020, the following rates, which are  
7 subject to any reduction required under (e) of this subsection (11):

8 (A) The rate under RCW 82.04.250(1) on the business of making  
9 retail sales of tooling specifically designed for use in  
10 manufacturing commercial airplanes or components of such airplanes;  
11 and

12 (B) 0.484 percent on all other business activities described in  
13 this subsection (11)(b).

14 (c) For the purposes of this subsection (11), "commercial  
15 airplane" and "component" have the same meanings as provided in RCW  
16 82.32.550.

17 (d) (i) In addition to all other requirements under this title, a  
18 person reporting under the tax rate provided in this subsection (11)  
19 must file a complete annual tax performance report with the  
20 department under RCW 82.32.534. However, this requirement does not  
21 apply to persons reporting under the tax rate in (a)(iii) of this  
22 subsection (11), so long as that rate remains 0.484 percent, or under  
23 any of the tax rates in (b)(ii)(A) and (B) of this subsection (11),  
24 so long as those tax rates remain the rate imposed pursuant to RCW  
25 82.04.250(1) and 0.484 percent, respectively.

26 (ii) Nothing in (d)(i) of this subsection (11) may be construed  
27 as affecting the obligation of a person reporting under a tax rate  
28 provided in this subsection (11) to file a complete annual tax  
29 performance report with the department under RCW 82.32.534: (A)  
30 Pursuant to another provision of this title as a result of claiming a  
31 tax credit or exemption; or (B) pursuant to (d)(i) of this subsection  
32 (11) as a result of claiming the tax rates in (a)(ii) or (b)(i) of  
33 this subsection (11) for periods ending before April 1, 2020.

34 (e) (i) After March 31, 2021, the tax rates under (a)(iii) and  
35 (b)(ii) of this subsection (11) must be reduced to 0.357 percent  
36 provided the conditions in section 2 of this act are met. The  
37 effective date of the rates authorized under this subsection (11)(e)  
38 must occur on the first day of the next calendar quarter that is at  
39 least sixty days after the department receives the last of the two  
40 written notices pursuant to section 2 (3) and (4) of this act.



1 (ii) Both a significant commercial airplane manufacturer  
2 separately and the rest of the aerospace industry as a whole,  
3 receiving the rate of 0.357 percent under this subsection (11)(e)  
4 will achieve the aerospace apprenticeship utilization rates required  
5 under section 4 of this act by April 1, 2026, or five years after the  
6 effective date of the 0.357 percent rate authorized under this  
7 subsection (11)(e), whichever is later, as determined by the  
8 department of labor and industries.

9 (iii) The provisions of RCW 82.32.805 and 82.32.808 do not apply  
10 to this subsection (11)(e).

11 (f)(i) Except as provided in (~~(e)~~) (f)(ii) of this subsection  
12 (11), this subsection (11) does not apply on and after July 1, 2040.

13 (ii) With respect to the manufacturing of commercial airplanes or  
14 making sales, at retail or wholesale, of commercial airplanes, this  
15 subsection (11) does not apply on and after July 1st of the year in  
16 which the department makes a determination that any final assembly or  
17 wing assembly of any version or variant of a commercial airplane that  
18 is the basis of a siting of a significant commercial airplane  
19 manufacturing program in the state under RCW 82.32.850 has been sited  
20 outside the state of Washington. This subsection (11)(~~(e)~~) (f)(ii)  
21 only applies to the manufacturing or sale of commercial airplanes  
22 that are the basis of a siting of a significant commercial airplane  
23 manufacturing program in the state under RCW 82.32.850. This  
24 subsection (11)(f)(ii) continues to apply during the time that a  
25 person is subject to the tax rate in (a)(iii) of this subsection  
26 (11).

27 (g) For the purposes of this subsection, "a significant  
28 commercial airplane manufacturer" means a manufacturer of commercial  
29 airplanes with at least fifty thousand full-time employees in  
30 Washington as of January 1, 2021.

31 (12)(a) Until July 1, 2045, upon every person engaging within  
32 this state in the business of extracting timber or extracting for  
33 hire timber; as to such persons the amount of tax with respect to the  
34 business is, in the case of extractors, equal to the value of  
35 products, including by-products, extracted, or in the case of  
36 extractors for hire, equal to the gross income of the business,  
37 multiplied by the rate of 0.4235 percent from July 1, 2006, through  
38 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,  
39 2045.

1 (b) Until July 1, 2045, upon every person engaging within this  
2 state in the business of manufacturing or processing for hire: (i)  
3 Timber into timber products or wood products; (ii) timber products  
4 into other timber products or wood products; or (iii) products  
5 defined in RCW 19.27.570(1); as to such persons the amount of the tax  
6 with respect to the business is, in the case of manufacturers, equal  
7 to the value of products, including by-products, manufactured, or in  
8 the case of processors for hire, equal to the gross income of the  
9 business, multiplied by the rate of 0.4235 percent from July 1, 2006,  
10 through June 30, 2007, and 0.2904 percent from July 1, 2007, through  
11 June 30, 2045.

12 (c) Until July 1, 2045, upon every person engaging within this  
13 state in the business of selling at wholesale: (i) Timber extracted  
14 by that person; (ii) timber products manufactured by that person from  
15 timber or other timber products; (iii) wood products manufactured by  
16 that person from timber or timber products; or (iv) products defined  
17 in RCW 19.27.570(1) manufactured by that person(~~(+)~~) ; as to such  
18 persons the amount of the tax with respect to the business is equal  
19 to the gross proceeds of sales of the timber, timber products, wood  
20 products, or products defined in RCW 19.27.570(1) multiplied by the  
21 rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and  
22 0.2904 percent from July 1, 2007, through June 30, 2045.

23 (d) Until July 1, 2045, upon every person engaging within this  
24 state in the business of selling standing timber; as to such persons  
25 the amount of the tax with respect to the business is equal to the  
26 gross income of the business multiplied by the rate of 0.2904  
27 percent. For purposes of this subsection (12)(d), "selling standing  
28 timber" means the sale of timber apart from the land, where the buyer  
29 is required to sever the timber within thirty months from the date of  
30 the original contract, regardless of the method of payment for the  
31 timber and whether title to the timber transfers before, upon, or  
32 after severance.

33 (e) For purposes of this subsection, the following definitions  
34 apply:

35 (i) "Biocomposite surface products" means surface material  
36 products containing, by weight or volume, more than fifty percent  
37 recycled paper and that also use nonpetroleum-based phenolic resin as  
38 a bonding agent.

39 (ii) "Paper and paper products" means products made of interwoven  
40 cellulosic fibers held together largely by hydrogen bonding. "Paper

1 and paper products" includes newsprint; office, printing, fine, and  
2 pressure-sensitive papers; paper napkins, towels, and toilet tissue;  
3 kraft bag, construction, and other kraft industrial papers;  
4 paperboard, liquid packaging containers, containerboard, corrugated,  
5 and solid-fiber containers including linerboard and corrugated  
6 medium; and related types of cellulosic products containing  
7 primarily, by weight or volume, cellulosic materials. "Paper and  
8 paper products" does not include books, newspapers, magazines,  
9 periodicals, and other printed publications, advertising materials,  
10 calendars, and similar types of printed materials.

11 (iii) "Recycled paper" means paper and paper products having  
12 fifty percent or more of their fiber content that comes from  
13 postconsumer waste. For purposes of this subsection (12)(e)(iii),  
14 "postconsumer waste" means a finished material that would normally be  
15 disposed of as solid waste, having completed its life cycle as a  
16 consumer item.

17 (iv) "Timber" means forest trees, standing or down, on privately  
18 or publicly owned land. "Timber" does not include Christmas trees  
19 that are cultivated by agricultural methods or short-rotation  
20 hardwoods as defined in RCW 84.33.035.

21 (v) "Timber products" means:

22 (A) Logs, wood chips, sawdust, wood waste, and similar products  
23 obtained wholly from the processing of timber, short-rotation  
24 hardwoods as defined in RCW 84.33.035, or both;

25 (B) Pulp, including market pulp and pulp derived from recovered  
26 paper or paper products; and

27 (C) Recycled paper, but only when used in the manufacture of  
28 biocomposite surface products.

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

33 (f) Except for small harvesters as defined in RCW 84.33.035, a  
34 person reporting under the tax rate provided in this subsection (12)  
35 must file a complete annual tax performance report with the  
36 department under RCW 82.32.534.

37 (g) Nothing in this subsection (12) may be construed to affect  
38 the taxation of any activity defined as a retail sale in RCW  
39 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW  
40 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

1 (13) Upon every person engaging within this state in inspecting,  
2 testing, labeling, and storing canned salmon owned by another person,  
3 as to such persons, the amount of tax with respect to such activities  
4 is equal to the gross income derived from such activities multiplied  
5 by the rate of 0.484 percent.

6 (14)(a) Upon every person engaging within this state in the  
7 business of printing a newspaper, publishing a newspaper, or both,  
8 the amount of tax on such business is equal to the gross income of  
9 the business multiplied by the rate of 0.35 percent until July 1,  
10 2024, and 0.484 percent thereafter.

11 (b) A person reporting under the tax rate provided in this  
12 subsection (14) must file a complete annual tax performance report  
13 with the department under RCW 82.32.534.

14 NEW SECTION. **Sec. 4.** A new section is added to chapter 51.04  
15 RCW to read as follows:

16 (1) A significant commercial airplane manufacturer receiving the  
17 rate of 0.357 percent under RCW 82.04.260(11)(e) will achieve an  
18 aerospace apprenticeship utilization rate of one and five-tenths  
19 percent of its qualified apprenticeable workforce in Washington by  
20 July 1, 2026, or five years after the effective date of the 0.357  
21 percent rate authorized under RCW 82.04.260(11)(e), whichever is  
22 later, as determined by the department of labor and industries.

23 (2) The aerospace industry in Washington, excluding a significant  
24 commercial airplane manufacturer, will achieve an aerospace  
25 apprenticeship utilization rate of one and five-tenths percent of its  
26 qualified apprenticeable workforce in Washington by July 1, 2026, or  
27 five years after the effective date of the 0.357 percent rate  
28 authorized under RCW 82.04.260(11)(e), whichever is later, as  
29 determined by the department of labor and industries.

30 (3) Aerospace employers must report relevant occupation data  
31 related to the qualified apprenticeable workforce to the department  
32 of labor and industries.

33 (4) The department of labor and industries shall report the  
34 aerospace apprenticeship utilization rate to the department and the  
35 appropriate committees of the legislature annually beginning October  
36 1, 2024.

37 (5) The department of labor and industries shall determine  
38 aerospace apprenticeship utilization rates under this section based  
39 on the framework developed under section 5 of this act and using

1 occupational data reported to the department of labor and industries  
2 and/or the employment security department. For data reported to the  
3 department of labor and industries, the department of labor and  
4 industries shall determine the form and manner in which occupational  
5 data is reported, consistent with the framework developed under  
6 section 5 of this act, and may adopt rules to ensure full  
7 participation within the industry necessary to implement the  
8 requirements of this section. The department of labor and industries,  
9 consulting with the department of revenue, may also require  
10 additional information on the annual tax performance report under RCW  
11 82.32.534. The department of labor and industries may adopt rules to  
12 ensure full participation within the industry and necessary to  
13 implement the requirements of this section.

14 (6) For the purposes of this section, the following definitions  
15 apply.

16 (a) "Aerospace employer" means any person that qualifies for the  
17 rate under RCW 82.04.260(11)(e) with twenty-five or more employees in  
18 positions determined to be qualified occupations by the Washington  
19 state apprenticeship and training council according to chapter 49.04  
20 RCW directly applicable to the production of commercial aircraft.

21 (b) "Qualified apprenticeable workforce" means all occupations  
22 approved by the Washington state apprenticeship and training council  
23 according to chapter 49.04 RCW directly applicable to the production  
24 of commercial aircraft.

25 (c) "Significant commercial airplane manufacturer" means a  
26 manufacturer of commercial airplanes with at least fifty thousand  
27 full-time employees in Washington as of January 1, 2021.

28 NEW SECTION. **Sec. 5.** (1) An aerospace workforce council is  
29 created in the department of labor and industries to establish a  
30 framework for apprenticeship utilization reporting and to establish  
31 efficient pathways to achieve targets required under section 4 of  
32 this act. Beginning in calendar year 2020, the council must:

33 (a) Meet at least twice per year until the apprenticeship  
34 utilization levels in section 4 of this act are achieved;

35 (b) Monitor the progress of a significant commercial airplane  
36 manufacturer, as defined in section 4 of this act, and the aerospace  
37 industry as a whole in achieving the apprenticeship utilization  
38 levels established in section 4 of this act;

1 (c) Report to the legislature by December 1, 2023, on the  
2 apprenticeship utilization rate across the aerospace industry and  
3 include any recommendations implementing the intent of this act,  
4 including policy changes needed to expand upon early success of  
5 apprenticeship utilization if reached before the date set forth in  
6 section 4 of this act.

7 (2) The council must consist of fourteen members, appointed by  
8 the governor:

9 (a) One member must be appointed from each of the two largest  
10 aerospace labor organizations in Washington;

11 (b) Two members must be from a Washington aerospace industry  
12 business, only one of which must be from a significant commercial  
13 airplane manufacturer;

14 (c) Two members must be from nonprofit entities engaged in  
15 workforce training for the aerospace industry;

16 (d) One representative from the governor's office;

17 (e) One representative from the workforce training and education  
18 coordinating board;

19 (f) The state trade representative or the representative's  
20 designee;

21 (g) The director of the department of labor and industries, or  
22 the director's designee;

23 (h) One member from each of the two largest caucuses of the house  
24 of representatives, as appointed by the speaker of the house of  
25 representatives; and

26 (i) One member from each of the two largest caucuses of the  
27 senate, as appointed by the president of the senate.

28 NEW SECTION. **Sec. 6.** This act is necessary for the immediate  
29 preservation of the public peace, health, or safety, or support of  
30 the state government and its existing public institutions, and takes  
31 effect immediately."

**SB 6690 - S AMD 1367**

By Senator Liiias

**ADOPTED AS AMENDED 03/10/2020**

32 On page 1, line 2 of the title, after "compliance;" strike the  
33 remainder of the title and insert "reenacting and amending RCW

1 82.04.260; adding a new section to chapter 82.04 RCW; adding a new  
2 section to chapter 51.04 RCW; creating new sections; and declaring an  
3 emergency."

EFFECT: (1) Changes the manufacturing, wholesaling, and retailing business and occupation (B&O) tax rate for manufacturers of commercial airplanes and manufacturers of components of commercial airplanes to 0.484 percent effective April 1, 2020.

(2) Changes the manufacturing and wholesaling B&O rate for manufacturers of aerospace tooling to 0.484 percent and the retailing B&O tax rate for manufacturers of aerospace tooling to the standard 0.471 percent effective April 1, 2020.

(3) Allows for a B&O rate of 0.357 percent to be imposed beginning April 1, 2021, so long as any agreement resolving the World Trade Organization (WTO) disputes between the United States and the European Union involving large civil aircraft allow for such a rate and other conditions are met.

(4) Requires a significant commercial airplane manufacturer, and the aerospace industry as a whole, receiving the 0.357 percent B&O rate to each achieve an apprenticeship utilization rate of 1.5 percent of their Washington workforce within 5 years.

(5) Requires a significant commercial airplane manufacturer to have an apprenticeship utilization rate of 0.3 percent prior to receiving the 0.357 percent B&O rate.

(6) Creates the Aerospace Workforce Council.

(7) Adds an emergency clause making the act effective immediately.

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