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**HOUSE BILL 1348**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** Representatives Chapman, Maycumber, Springer, Tharinger, Steele, and Morris

Read first time 01/21/19. Referred to Committee on Rural Development, Agriculture, & Natural Resources.

1 AN ACT Relating to helping Washington businesses succeed by  
2 modifying certain business and occupation tax provisions; amending  
3 RCW 82.04.240, 82.04.240, 82.04.260, 82.04.280, and 82.32.790;  
4 creating new sections; and providing a contingent expiration date.

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

6 NEW SECTION. **Sec. 1.** (1) The legislature finds that Washington  
7 has one of the strongest economies in the country. However, the local  
8 economies in rural counties continue to struggle. The legislature  
9 concludes that in the spirit of one Washington, the economic  
10 prosperity of our state must be shared by all of our communities,  
11 both urban and rural. Therefore, it is the intention of the  
12 legislature to modify the business and occupation tax structure of  
13 manufacturers to encourage economic growth and lower the unemployment  
14 rate across the state, especially in rural areas.

15 (2) The legislature finds that the Washington state forest  
16 practices habitat conservation plan was approved in 2006 by the  
17 United States fish and wildlife service and the national oceanic and  
18 atmospheric administration's marine fisheries service. The  
19 legislature further finds that the conservation plan protects habitat  
20 of aquatic species, supports economically viable and healthy forests,  
21 and creates regulatory stability for landowners. The legislature

1 further finds that the forestry industry assumed significant  
2 financial obligation with the enactment of this conservation plan, in  
3 exchange for operational certainty under the endangered species act.  
4 Therefore, the legislature concludes that the timber products  
5 business and occupation tax rate should continue until the expiration  
6 date of the Washington state forest practices habitat conservation  
7 plan.

8 **Sec. 2.** RCW 82.04.240 and 2004 c 24 s 4 are each amended to read  
9 as follows:

10 (1) Upon every person engaging within this state in business as  
11 a manufacturer, processor for hire, and printing materials other than  
12 newspapers, and of publishing periodicals except persons taxable as  
13 manufacturers or processors for hire under other provisions of this  
14 chapter(; ~~as to such persons the amount of the tax with respect to~~  
15 ~~such business shall be equal to the value of the products, including~~  
16 ~~byproducts, manufactured, multiplied by the rate of 0.484 percent.~~

17 ~~The measure of the tax)), and every manufacturer engaging within~~  
18 the state in the business of making sales, at retail or wholesale, of  
19 products manufactured by the manufacturer, as to such persons the  
20 amount of tax with respect to such business is equal to the taxable  
21 amount under this section multiplied by the rate of;

22 (a) Through December 31, 2029:

23 (i) 0.2904 percent, on the first fifty million dollars of the  
24 total amount taxable under this section; and

25 (ii) 0.484 percent, on the total amount taxable under this  
26 section that exceeds fifty million dollars;

27 (b) 0.2904 percent, beginning on January 1, 2030.

28 (2) The measure of the tax on engaging in the business of:

29 (a) Manufacturing is the value of the products, including  
30 byproducts, so manufactured regardless of the place of sale or the  
31 fact that deliveries may be made to points outside the state;

32 (b) Retailing and wholesaling products manufactured by the  
33 manufacturer is the gross proceeds of the sales; and

34 (c) Processing for hire is the total charges made for those  
35 services.

36 **Sec. 3.** RCW 82.04.240 and 2017 3rd sp.s. c 37 s 518 are each  
37 amended to read as follows:

1 (1) Upon every person engaging within this state in business as a  
2 manufacturer or processor for hire, except persons taxable as  
3 manufacturers or processors for hire under other provisions of this  
4 chapter(~~(; as to such persons the amount of the tax with respect to~~  
5 ~~such business is equal to the value of the products, including~~  
6 ~~byproducts, manufactured, multiplied by the rate of 0.484 percent)),  
7 and every manufacturer engaging within the state in the business of  
8 making sales, at retail or wholesale, of products manufactured by the  
9 manufacturer, as to such persons to the amount of tax with respect to  
10 such business is equal to the taxable amount under this section  
11 multiplied by the rate of:~~

12 (a) Through December 31, 2029:

13 (i) 0.2904 percent, on the first fifty million dollars of the  
14 total taxable amount under this section; and

15 (ii) 0.484 percent, on the total taxable amount under this  
16 section that exceeds fifty million dollars; and

17 (b) 0.2904 percent, beginning on January 1, 2030.

18 (2) (a) Upon every person engaging within this state in the  
19 business of manufacturing semiconductor materials, as to such persons  
20 the amount of tax with respect to such business is, in the case of  
21 manufacturers, equal to the value of the product manufactured, or, in  
22 the case of processors for hire, equal to the gross income of the  
23 business, multiplied by the rate of 0.275 percent. For the purposes  
24 of this subsection "semiconductor materials" means silicon crystals,  
25 silicon ingots, raw polished semiconductor wafers, compound  
26 semiconductors, integrated circuits, and microchips.

27 (b) A person reporting under the tax rate provided in this  
28 subsection (2) must file a complete annual tax performance report  
29 with the department under RCW 82.32.534.

30 (3) The measure of the tax on engaging in the business of:

31 (a) Manufacturing is the value of the products, including  
32 byproducts, so manufactured regardless of the place of sale or the  
33 fact that deliveries may be made to points outside the state;

34 (b) Retailing and wholesaling products manufactured by the  
35 manufacturer is the gross proceeds of the sales; and

36 (c) Processing for hire is the total charges made for those  
37 services.

38 (4) This section expires January 1, 2024, unless the contingency  
39 in RCW 82.32.790(2) occurs.

1           **Sec. 4.** RCW 82.04.260 and 2018 c 164 s 3 are each amended to  
2 read as follows:

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

5           (a) Wheat into flour, barley into pearl barley, soybeans into  
6 soybean oil, canola into canola oil, canola meal, or canola by-  
7 products, or sunflower seeds into sunflower oil; as to such persons  
8 the amount of tax with respect to such business is equal to the value  
9 of the flour, pearl barley, oil, canola meal, or canola by-product  
10 manufactured, multiplied by the rate of 0.138 percent;

11           (b) Beginning July 1, 2025, seafood products that remain in a  
12 raw, raw frozen, or raw salted state at the completion of the  
13 manufacturing by that person; or selling manufactured seafood  
14 products that remain in a raw, raw frozen, or raw salted state at the  
15 completion of the manufacturing, to purchasers who transport in the  
16 ordinary course of business the goods out of this state; as to such  
17 persons the amount of tax with respect to such business is equal to  
18 the value of the products manufactured or the gross proceeds derived  
19 from such sales, multiplied by the rate of 0.138 percent. Sellers  
20 must keep and preserve records for the period required by RCW  
21 82.32.070 establishing that the goods were transported by the  
22 purchaser in the ordinary course of business out of this state;

23           (c) (i) Except as provided otherwise in (c) (iii) of this  
24 subsection, from July 1, 2025, until January 1, 2036, dairy products;  
25 or selling dairy products that the person has manufactured to  
26 purchasers who either transport in the ordinary course of business  
27 the goods out of state or purchasers who use such dairy products as  
28 an ingredient or component in the manufacturing of a dairy product;  
29 as to such persons the tax imposed is equal to the value of the  
30 products manufactured or the gross proceeds derived from such sales  
31 multiplied by the rate of 0.138 percent. Sellers must keep and  
32 preserve records for the period required by RCW 82.32.070  
33 establishing that the goods were transported by the purchaser in the  
34 ordinary course of business out of this state or sold to a  
35 manufacturer for use as an ingredient or component in the  
36 manufacturing of a dairy product.

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

39           (A) Products, not including any marijuana-infused product, that  
40 as of September 20, 2001, are identified in 21 C.F.R., chapter 1,

1 parts 131, 133, and 135, including by-products from the manufacturing  
2 of the dairy products, such as whey and casein; and

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

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

11 (d)(i) Beginning July 1, 2025, fruits or vegetables by canning,  
12 preserving, freezing, processing, or dehydrating fresh fruits or  
13 vegetables, or selling at wholesale fruits or vegetables manufactured  
14 by the seller by canning, preserving, freezing, processing, or  
15 dehydrating fresh fruits or vegetables and sold to purchasers who  
16 transport in the ordinary course of business the goods out of this  
17 state; as to such persons the amount of tax with respect to such  
18 business is equal to the value of the products manufactured or the  
19 gross proceeds derived from such sales multiplied by the rate of  
20 0.138 percent. Sellers must keep and preserve records for the period  
21 required by RCW 82.32.070 establishing that the goods were  
22 transported by the purchaser in the ordinary course of business out  
23 of this state.

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

27 (e) Wood biomass fuel; as to such persons the amount of tax with  
28 respect to the business is equal to the value of wood biomass fuel  
29 manufactured, multiplied by the rate of 0.138 percent. For the  
30 purposes of this section, "wood biomass fuel" means a liquid or  
31 gaseous fuel that is produced from lignocellulosic feedstocks,  
32 including wood, forest, (~~(+or+)~~) or field residue(~~(+)~~) and dedicated  
33 energy crops, and that does not include wood treated with chemical  
34 preservations such as creosote, pentachlorophenol, or copper-chrome-  
35 arsenic.

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

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

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

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

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

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

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

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

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

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

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

35 (11) (a) Beginning October 1, 2005, upon every person engaging  
36 within this state in the business of manufacturing commercial  
37 airplanes, or components of such airplanes, or making sales, at  
38 retail or wholesale, of commercial airplanes or components of such  
39 airplanes, manufactured by the seller, as to such persons the amount  
40 of tax with respect to such business is, in the case of

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

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

7 (ii) 0.2904 percent beginning July 1, 2007.

8 (b) Beginning July 1, 2008, upon every person who is not eligible  
9 to report under the provisions of (a) of this subsection (11) and is  
10 engaging within this state in the business of manufacturing tooling  
11 specifically designed for use in manufacturing commercial airplanes  
12 or components of such airplanes, or making sales, at retail or  
13 wholesale, of such tooling manufactured by the seller, as to such  
14 persons the amount of tax with respect to such business is, in the  
15 case of manufacturers, equal to the value of the product manufactured  
16 and the gross proceeds of sales of the product manufactured, or in  
17 the case of processors for hire, be equal to the gross income of the  
18 business, multiplied by the rate of 0.2904 percent.

19 (c) For the purposes of this subsection (11), "commercial  
20 airplane" and "component" have the same meanings as provided in RCW  
21 82.32.550.

22 (d) In addition to all other requirements under this title, a  
23 person reporting under the tax rate provided in this subsection (11)  
24 must file a complete annual tax performance report with the  
25 department under RCW 82.32.534.

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

28 (ii) With respect to the manufacturing of commercial airplanes or  
29 making sales, at retail or wholesale, of commercial airplanes, this  
30 subsection (11) does not apply on and after July 1st of the year in  
31 which the department makes a determination that any final assembly or  
32 wing assembly of any version or variant of a commercial airplane that  
33 is the basis of a siting of a significant commercial airplane  
34 manufacturing program in the state under RCW 82.32.850 has been sited  
35 outside the state of Washington. This subsection (11)(e)(ii) only  
36 applies to the manufacturing or sale of commercial airplanes that are  
37 the basis of a siting of a significant commercial airplane  
38 manufacturing program in the state under RCW 82.32.850.

39 (12)(a) Until July 1, (~~2024~~) 2056, upon every person engaging  
40 within this state in the business of extracting timber or extracting



1 for hire timber; as to such persons the amount of tax with respect to  
2 the business is, in the case of extractors, equal to the value of  
3 products, including by-products, extracted, or in the case of  
4 extractors for hire, equal to the gross income of the business,  
5 multiplied by the rate of 0.4235 percent from July 1, 2006, through  
6 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,  
7 ((2024)) 2056.

8 (b) Until July 1, ((2024)) 2056, upon every person engaging  
9 within this state in the business of manufacturing or processing for  
10 hire: (i) Timber into timber products or wood products; or (ii)  
11 timber products into other timber products or wood products; as to  
12 such persons the amount of the tax with respect to the business is,  
13 in the case of manufacturers, equal to the value of products,  
14 including by-products, manufactured, or in the case of processors for  
15 hire, equal to the gross income of the business, multiplied by the  
16 rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and  
17 0.2904 percent from July 1, 2007, through June 30, ((2024)) 2056.

18 (c) Until July 1, ((2024)) 2056, upon every person engaging  
19 within this state in the business of selling at wholesale: (i) Timber  
20 extracted by that person; (ii) timber products manufactured by that  
21 person from timber or other timber products; or (iii) wood products  
22 manufactured by that person from timber or timber products; as to  
23 such persons the amount of the tax with respect to the business is  
24 equal to the gross proceeds of sales of the timber, timber products,  
25 or wood products multiplied by the rate of 0.4235 percent from July  
26 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007,  
27 through June 30, ((2024)) 2056.

28 (d) Until July 1, ((2024)) 2056, upon every person engaging  
29 within this state in the business of selling standing timber; as to  
30 such persons the amount of the tax with respect to the business is  
31 equal to the gross income of the business multiplied by the rate of  
32 0.2904 percent. For purposes of this subsection (12)(d), "selling  
33 standing timber" means the sale of timber apart from the land, where  
34 the buyer is required to sever the timber within thirty months from  
35 the date of the original contract, regardless of the method of  
36 payment for the timber and whether title to the timber transfers  
37 before, upon, or after severance.

38 (e) For purposes of this subsection, the following definitions  
39 apply:

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

5 (ii) "Paper and paper products" means products made of interwoven  
6 cellulosic fibers held together largely by hydrogen bonding. "Paper  
7 and paper products" includes newsprint; office, printing, fine, and  
8 pressure-sensitive papers; paper napkins, towels, and toilet tissue;  
9 kraft bag, construction, and other kraft industrial papers;  
10 paperboard, liquid packaging containers, containerboard, corrugated,  
11 and solid-fiber containers including linerboard and corrugated  
12 medium; and related types of cellulosic products containing  
13 primarily, by weight or volume, cellulosic materials. "Paper and  
14 paper products" does not include books, newspapers, magazines,  
15 periodicals, and other printed publications, advertising materials,  
16 calendars, and similar types of printed materials.

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

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

27 (v) "Timber products" means:

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

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

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

35 (vi) "Wood products" means paper and paper products; dimensional  
36 lumber; engineered wood products such as particleboard, oriented  
37 strand board, medium density fiberboard, and plywood; wood doors;  
38 wood windows; and biocomposite surface products.

39 (f) Except for small harvesters as defined in RCW 84.33.035, a  
40 person reporting under the tax rate provided in this subsection (12)

1 must file a complete annual tax performance report with the  
2 department under RCW 82.32.534.

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

8 (14)(a) Upon every person engaging within this state in the  
9 business of printing a newspaper, publishing a newspaper, or both,  
10 the amount of tax on such business is equal to the gross income of  
11 the business multiplied by the rate of 0.35 percent until July 1,  
12 2024, and 0.484 percent thereafter.

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

16 **Sec. 5.** RCW 82.04.280 and 2017 c 323 s 508 are each amended to  
17 read as follows:

18 (1) Upon every person engaging within this state in the business  
19 of: (a) (~~Printing materials other than newspapers, and of publishing~~  
20 ~~periodicals or magazines; (b)~~) building, repairing or improving any  
21 street, place, road, highway, easement, right-of-way, mass public  
22 transportation terminal or parking facility, bridge, tunnel, or  
23 trestle which is owned by a municipal corporation or political  
24 subdivision of the state or by the United States and which is used or  
25 to be used, primarily for foot or vehicular traffic including mass  
26 transportation vehicles of any kind and including any readjustment,  
27 reconstruction or relocation of the facilities of any public, private  
28 or cooperatively owned utility or railroad in the course of such  
29 building, repairing or improving, the cost of which readjustment,  
30 reconstruction, or relocation, is the responsibility of the public  
31 authority whose street, place, road, highway, easement, right-of-way,  
32 mass public transportation terminal or parking facility, bridge,  
33 tunnel, or trestle is being built, repaired or improved; ~~((+))~~ (b)  
34 extracting for hire (~~or processing for hire~~), except persons  
35 taxable as extractors for hire (~~or processors for hire~~) under  
36 another section of this chapter; ~~((+))~~ (c) operating a cold storage  
37 warehouse or storage warehouse, but not including the rental of cold  
38 storage lockers; ~~((+))~~ (d) representing and performing services for  
39 fire or casualty insurance companies as an independent resident

1 managing general agent licensed under the provisions of chapter 48.17  
2 RCW; ~~((f))~~ (e) radio and television broadcasting, excluding  
3 network, national and regional advertising computed as a standard  
4 deduction based on the national average thereof as annually reported  
5 by the federal communications commission, or in lieu thereof by  
6 itemization by the individual broadcasting station, and excluding  
7 that portion of revenue represented by the out-of-state audience  
8 computed as a ratio to the station's total audience as measured by  
9 the 100 micro-volt signal strength and delivery by wire, if any;  
10 ~~((g))~~ (f) engaging in activities which bring a person within the  
11 definition of consumer contained in RCW 82.04.190(6); as to such  
12 persons, the amount of tax on such business is equal to the gross  
13 income of the business multiplied by the rate of 0.484 percent.

14 (2) For the purposes of this section, the following definitions  
15 apply unless the context clearly requires otherwise.

16 (a) "Cold storage warehouse" means a storage warehouse used to  
17 store fresh and/or frozen perishable fruits or vegetables, meat,  
18 seafood, dairy products, or fowl, or any combination thereof, at a  
19 desired temperature to maintain the quality of the product for  
20 orderly marketing.

21 (b) "Storage warehouse" means a building or structure, or any  
22 part thereof, in which goods, wares, or merchandise are received for  
23 storage for compensation, except field warehouses, fruit warehouses,  
24 fruit packing plants, warehouses licensed under chapter 22.09 RCW,  
25 public garages storing automobiles, railroad freight sheds, docks and  
26 wharves, and "self-storage" or "mini storage" facilities whereby  
27 customers have direct access to individual storage areas by separate  
28 entrance. "Storage warehouse" does not include a building or  
29 structure, or that part of such building or structure, in which an  
30 activity taxable under RCW 82.04.272 is conducted.

31 ~~((c) "Periodical or magazine" means a printed publication, other  
32 than a newspaper, issued regularly at stated intervals at least once  
33 every three months, including any supplement or special edition of  
34 the publication.))~~

35 **Sec. 6.** RCW 82.32.790 and 2017 3rd sp.s. c 37 s 526 are each  
36 amended to read as follows:

37 (1)(a) Section 3, chapter . . ., Laws of 2019 (section 3 of this  
38 act), sections 510, 512, 514, 516, 518, 520, 522, and 524, chapter  
39 37, Laws of 2017 3rd sp. sess., sections 9, 13, 17, 22, 24, 30, 32,

1 and 45, chapter 135, Laws of 2017, sections 104, 110, 117, 123, 125,  
2 129, 131, and 150, chapter 114, Laws of 2010, and sections 1, 2, 3,  
3 and 5 through 10, chapter 149, Laws of 2003 are contingent upon the  
4 siting and commercial operation of a significant semiconductor  
5 microchip fabrication facility in the state of Washington by January  
6 1, 2024.

7 (b) For the purposes of this section:

8 (i) "Commercial operation" means the same as "commencement of  
9 commercial production" as used in RCW 82.08.965.

10 (ii) "Semiconductor microchip fabrication" means "manufacturing  
11 semiconductor microchips" as defined in RCW 82.04.426.

12 (iii) "Significant" means the combined investment of new  
13 buildings and new machinery and equipment in the buildings, at the  
14 commencement of commercial production, will be at least one billion  
15 dollars.

16 (2) The sections referenced in subsection (1) of this section  
17 take effect the first day of the month in which a contract for the  
18 construction of a significant semiconductor fabrication facility is  
19 signed, if the contract is signed and received by January 1, 2024, as  
20 determined by the director of the department of revenue.

21 (3) (a) The department of revenue must provide notice of the  
22 effective date of the sections referenced in subsection (1) of this  
23 section to affected taxpayers, the legislature, and others as deemed  
24 appropriate by the department.

25 (b) If, after making a determination that a contract has been  
26 signed and the sections referenced in subsection (1) of this section  
27 are effective, the department discovers that commencement of  
28 commercial production did not take place within three years of the  
29 date the contract was signed, the department must make a  
30 determination that chapter 149, Laws of 2003 is no longer effective,  
31 and all taxes that would have been otherwise due are deemed deferred  
32 taxes and are immediately assessed and payable from any person  
33 reporting tax under RCW 82.04.240(2) or claiming an exemption or  
34 credit under RCW 82.04.426, 82.04.448, 82.08.965, 82.12.965,  
35 82.08.970, 82.12.970, or 84.36.645. The department is not authorized  
36 to make a second determination regarding the effective date of the  
37 sections referenced in subsection (1) of this section.

38 (4) (a) This section expires January 1, 2024, if the contingency  
39 in subsection (2) of this section does not occur by January 1, 2024,  
40 as determined by the department.

1 (b) The department must provide written notice of the expiration  
2 date of this section and the sections referenced in subsection (1) of  
3 this section to affected taxpayers, the legislature, and others as  
4 deemed appropriate by the department.

5 NEW SECTION. **Sec. 7.** The provisions of RCW 82.32.805 and  
6 82.32.808 do not apply to this act.

7 NEW SECTION. **Sec. 8.** Section 2, chapter . . ., Laws of 2019  
8 (section 2 of this act) expires on the date that section 3,  
9 chapter . . ., Laws of 2019 (section 3 of this act) takes effect.

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