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**SENATE BILL 5440**

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**State of Washington**

**67th Legislature**

**2021 Regular Session**

**By** Senators Wilson, J., Fortunato, and Frockt

Read first time 02/09/21. Referred to Committee on Business,  
Financial Services & Trade.

1 AN ACT Relating to manufacturing tax reform to preserve aerospace  
2 and other manufacturing jobs in Washington; amending RCW 82.04.240,  
3 82.04.2404, 82.04.260, 82.04.2909, 82.04.294, 82.04.280, and  
4 82.32.790; creating a new section; repealing 2017 3rd sp.s. c 37 s  
5 518, 2017 c 135 s 9, 2010 c 114 s 104, and 2003 c 149 s 3; and  
6 providing an effective date.

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

8 NEW SECTION. **Sec. 1.** The legislature finds that the  
9 manufacturing industry in Washington is an important source of jobs  
10 that pay significantly more than the average state wage. The  
11 legislature also finds that even prior to the coronavirus pandemic,  
12 the manufacturing industry had lost more than 43,000 jobs during the  
13 21st century, while other leading Washington industries have  
14 collectively added hundreds of thousands of jobs. The legislature  
15 further finds that the coronavirus pandemic has exposed the  
16 detriments of limited manufacturing capacity at times when the people  
17 need a reliable supply of basic core products and goods.

18 It is the intent of the legislature to encourage a resurgence of  
19 manufacturing capacity in Washington and the creation of family-wage  
20 jobs by reducing the tax burden on the manufacturing industry. It is  
21 intended that this act will not only enhance the security of the

1 public by promoting self-sufficiency, but also draw new industries to  
2 Washington.

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

5 Upon every person engaging within this state in business as a  
6 manufacturer or processor for hire, except persons taxable as  
7 manufacturers or processors for hire under other provisions of this  
8 chapter; as to such persons the amount of the tax with respect to  
9 such business shall be equal to the value of the products, including  
10 by-products, manufactured or processed, multiplied by the rate of  
11 ~~((0.484))~~ 0.00 percent.

12 The measure of the tax is the value of the products, including  
13 by-products, so manufactured regardless of the place of sale or the  
14 fact that deliveries may be made to points outside the state.

15 **Sec. 3.** RCW 82.04.2404 and 2017 3rd sp.s. c 37 s 503 are each  
16 amended to read as follows:

17 (1) Upon every person engaging within this state in the business  
18 of manufacturing or processing for hire semiconductor materials, as  
19 to such persons the amount of tax with respect to such business is,  
20 in the case of manufacturers, equal to the value of the product  
21 manufactured, or, in the case of processors for hire, equal to the  
22 gross income of the business, multiplied by the rate of ~~((0.275))~~  
23 0.00 percent.

24 (2) For the purposes of this section "semiconductor materials"  
25 means silicon crystals, silicon ingots, raw polished semiconductor  
26 wafers, and compound semiconductor wafers.

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

30 ~~(4) Any person who has claimed the preferential tax rate under  
31 this section must reimburse the department for fifty percent of the  
32 amount of the tax preference under this section, if:~~

33 ~~(a) The number of persons employed by the person claiming the tax  
34 preference is less than ninety percent of the person's three-year  
35 employment average for the three years immediately preceding the year  
36 in which the preferential tax rate is claimed; or~~

37 ~~(b) The person is subject to a review under section 501(4)(a),  
38 chapter 37, Laws of 2017 3rd sp. sess. and such person does not meet~~

1 ~~performance criteria in section 501(4)(a), chapter 37, Laws of 2017~~  
2 ~~3rd sp. sess.~~

3 ~~(5))~~) This section expires December 1, 2028.

4 **Sec. 4.** RCW 82.04.260 and 2020 c 165 s 3 are each amended to  
5 read as follows:

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

8 (a) Wheat into flour, barley into pearl barley, soybeans into  
9 soybean oil, canola into canola oil, canola meal, or canola by-  
10 products, or sunflower seeds into sunflower oil; as to such persons  
11 the amount of tax with respect to such business is equal to the value  
12 of the flour, pearl barley, oil, canola meal, or canola by-product  
13 manufactured, multiplied by the rate of (~~0.138~~) 0.00 percent;

14 (b) Beginning July 1, 2025, seafood products that remain in a  
15 raw, raw frozen, or raw salted state at the completion of the  
16 manufacturing by that person; or selling manufactured seafood  
17 products that remain in a raw, raw frozen, or raw salted state at the  
18 completion of the manufacturing, to purchasers who transport in the  
19 ordinary course of business the goods out of this state; as to such  
20 persons the amount of tax with respect to such business is equal to  
21 the value of the products manufactured multiplied by the rate of 0.00  
22 percent or the gross proceeds derived from such sales, multiplied by  
23 the rate of 0.138 percent. Sellers must keep and preserve records for  
24 the period required by RCW 82.32.070 establishing that the goods were  
25 transported by the purchaser in the ordinary course of business out  
26 of this state;

27 (c)(i) Except as provided otherwise in (c)(iii) of this  
28 subsection, from July 1, 2025, until January 1, 2036, dairy products;  
29 or selling dairy products that the person has manufactured to  
30 purchasers who either transport in the ordinary course of business  
31 the goods out of state or purchasers who use such dairy products as  
32 an ingredient or component in the manufacturing of a dairy product;  
33 as to such persons the tax imposed is equal to the value of the  
34 products manufactured multiplied by the rate of 0.00 percent or the  
35 gross proceeds derived from such sales multiplied by the rate of  
36 0.138 percent. Sellers must keep and preserve records for the period  
37 required by RCW 82.32.070 establishing that the goods were  
38 transported by the purchaser in the ordinary course of business out

1 of this state or sold to a manufacturer for use as an ingredient or  
2 component in the manufacturing of a dairy product.

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

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

9 (B) Products comprised of not less than (~~seventy~~) 70 percent  
10 dairy products that qualify under (c)(ii)(A) of this subsection,  
11 measured by weight or volume.

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

17 (d)(i) Beginning July 1, 2025, fruits or vegetables by canning,  
18 preserving, freezing, processing, or dehydrating fresh fruits or  
19 vegetables, or selling at wholesale fruits or vegetables manufactured  
20 by the seller by canning, preserving, freezing, processing, or  
21 dehydrating fresh fruits or vegetables and sold to purchasers who  
22 transport in the ordinary course of business the goods out of this  
23 state; as to such persons the amount of tax with respect to such  
24 business is equal to the value of the products manufactured  
25 multiplied by the rate of 0.00 percent or the gross proceeds derived  
26 from such sales multiplied by the rate of 0.138 percent. Sellers must  
27 keep and preserve records for the period required by RCW 82.32.070  
28 establishing that the goods were transported by the purchaser in the  
29 ordinary course of business out of this state.

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

33 (e) Wood biomass fuel; as to such persons the amount of tax with  
34 respect to the business is equal to the value of wood biomass fuel  
35 manufactured, multiplied by the rate of (~~0.138~~) 0.00 percent. For  
36 the purposes of this section, "wood biomass fuel" means a liquid or  
37 gaseous fuel that is produced from lignocellulosic feedstocks,  
38 including wood, forest, or field residue and dedicated energy crops,  
39 and that does not include wood treated with chemical preservations  
40 such as creosote, pentachlorophenol, or copper-chrome-arsenic.

1 (2) Upon every person engaging within this state in the business  
2 of splitting or processing dried peas; as to such persons the amount  
3 of tax with respect to such business is equal to the value of the  
4 peas split or processed, multiplied by the rate of (~~(0.138)~~) 0.00  
5 percent.

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

11 (4) Upon every person engaging within this state in the business  
12 of slaughtering, breaking and/or processing perishable meat products  
13 and/or selling the same at wholesale only and not at retail; as to  
14 such persons the tax imposed is equal to the gross proceeds derived  
15 from such sales multiplied by the rate of (~~(0.138)~~) 0.00 percent.

16 (5) (a) Upon every person engaging within this state in the  
17 business of acting as a travel agent or tour operator and whose  
18 annual taxable amount for the prior calendar year was (~~(two hundred~~  
19 ~~fifty thousand dollars)~~) \$250,000 or less; as to such persons the  
20 amount of the tax with respect to such activities is equal to the  
21 gross income derived from such activities multiplied by the rate of  
22 0.275 percent.

23 (b) Upon every person engaging within this state in the business  
24 of acting as a travel agent or tour operator and whose annual taxable  
25 amount for the calendar year was more than (~~(two hundred fifty~~  
26 ~~thousand dollars)~~) \$250,000; as to such persons the amount of the tax  
27 with respect to such activities is equal to the gross income derived  
28 from such activities multiplied by the rate of 0.275 percent through  
29 June 30, 2019, and 0.9 percent beginning July 1, 2019.

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

37 (7) Upon every person engaging within this state in the business  
38 of stevedoring and associated activities pertinent to the movement of  
39 goods and commodities in waterborne interstate or foreign commerce;  
40 as to such persons the amount of tax with respect to such business is

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

26 (8) (a) Upon every person engaging within this state in the  
27 business of disposing of low-level waste, as defined in RCW  
28 (~~(43.145.010)~~) 70A.380.010; as to such persons the amount of the tax  
29 with respect to such business is equal to the gross income of the  
30 business, excluding any fees imposed under chapter (~~(43.200)~~) 70A.384  
31 RCW, multiplied by the rate of 3.3 percent.

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

36 (9) Upon every person engaging within this state as an insurance  
37 producer or title insurance agent licensed under chapter 48.17 RCW or  
38 a surplus line broker licensed under chapter 48.15 RCW; as to such  
39 persons, the amount of the tax with respect to such licensed

1 activities is equal to the gross income of such business multiplied  
2 by the rate of 0.484 percent.

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

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

20 (i) 0.4235 percent from October 1, 2005, through June 30, 2007;

21 (ii) 0.2904 percent beginning July 1, 2007, through March 31,  
22 2020; (~~and~~)

23 (iii) Beginning April 1, 2020, 0.484 percent, subject to any  
24 reduction required under (e) of this subsection (11). The tax rate in  
25 this subsection (11)(a)(iii) applies to (~~all~~) retailing and  
26 wholesaling business activities described in this subsection (11)(a);  
27 and

28 (iv) Beginning July 1, 2021, 0.00 percent for manufacturing  
29 activities described in this subsection (11)(a).

30 (b) Beginning July 1, 2008, upon every person who is not eligible  
31 to report under the provisions of (a) of this subsection (11) and is  
32 engaging within this state in the business of manufacturing tooling  
33 specifically designed for use in manufacturing commercial airplanes  
34 or components of such airplanes, or making sales, at retail or  
35 wholesale, of such tooling manufactured by the seller, as to such  
36 persons the amount of tax with respect to such business is, in the  
37 case of manufacturers, equal to the value of the product manufactured  
38 and the gross proceeds of sales of the product manufactured, or in  
39 the case of processors for hire, be equal to the gross income of the  
40 business, multiplied by the rate of:

1 (i) 0.2904 percent through March 31, 2020; and  
2 (ii) Beginning April 1, 2020, the following rates, which are  
3 subject to any reduction required under (e) of this subsection (11):  
4 (A) The generally applicable rate under (~~RCW 82.04.250(1)~~) this  
5 chapter on the business of making retail or wholesale sales of  
6 tooling specifically designed for use in manufacturing commercial  
7 airplanes or components of such airplanes; and  
8 (B) (~~0.484~~) 0.00 percent on all other business activities  
9 described in this subsection (11) (b) beginning July 1, 2021.  
10 (c) For the purposes of this subsection (11), "commercial  
11 airplane" and "component" have the same meanings as provided in RCW  
12 82.32.550.  
13 (d) (i) In addition to all other requirements under this title, a  
14 person reporting (~~under the tax rate~~) a preferential tax rate for  
15 retailing or wholesaling activities provided in this subsection (11)  
16 must file a complete annual tax performance report with the  
17 department under RCW 82.32.534. However, this requirement does not  
18 apply to persons reporting under the tax rate in (a) (iii) of this  
19 subsection (11), so long as that rate remains 0.484 percent, or under  
20 any of the tax rates in (b) (ii) (A) and (B) of this subsection (11),  
21 so long as those tax rates remain the rate imposed pursuant to RCW  
22 82.04.250(1) and 0.484 percent, respectively.  
23 (ii) Nothing in (d) (i) of this subsection (11) may be construed  
24 as affecting the obligation of a person reporting under a tax rate  
25 provided in this subsection (11) to file a complete annual tax  
26 performance report with the department under RCW 82.32.534: (A)  
27 Pursuant to another provision of this title as a result of claiming a  
28 tax credit or exemption; or (B) pursuant to (d) (i) of this subsection  
29 (11) as a result of claiming the tax rates in (a) (ii) or (b) (i) of  
30 this subsection (11) for periods ending before April 1, 2020.  
31 (e) (i) After March 31, 2021, the tax rates under (a) (iii) and  
32 (b) (ii) (A) of this subsection (11) must be reduced to 0.357 percent  
33 for retailing and wholesaling activities provided the conditions in  
34 RCW 82.04.2602 are met. The effective date of the rates authorized  
35 under this subsection (11) (e) must occur on the first day of the next  
36 calendar quarter that is at least (~~sixty~~) 60 days after the  
37 department receives the last of the two written notices pursuant to  
38 RCW 82.04.2602 (3) and (4).  
39 (ii) Both a significant commercial airplane manufacturer  
40 separately and the rest of the aerospace industry as a whole,



1 receiving the rate of 0.357 percent under this subsection (11)(e) are  
2 subject to the aerospace apprenticeship utilization rates required  
3 under RCW 49.04.220 by April 1, 2026, or five years after the  
4 effective date of the 0.357 percent rate authorized under this  
5 subsection (11)(e), whichever is later, as determined by the  
6 department of labor and industries.

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

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

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

25 (g) For the purposes of this subsection, "a significant  
26 commercial airplane manufacturer" means a manufacturer of commercial  
27 airplanes with at least (~~fifty thousand~~) 50,000 full-time employees  
28 in Washington as of January 1, 2021.

29 (12)(a) Until July 1, 2045, upon every person engaging within  
30 this state in the business of extracting timber or extracting for  
31 hire timber; as to such persons the amount of tax with respect to the  
32 business is, in the case of extractors, equal to the value of  
33 products, including by-products, extracted, or in the case of  
34 extractors for hire, equal to the gross income of the business,  
35 multiplied by the rate of 0.4235 percent from July 1, 2006, through  
36 June 30, 2007, and (~~0.2904~~) 0.00 percent from July 1, 2007, through  
37 June 30, 2045.

38 (b) Until July 1, 2045, upon every person engaging within this  
39 state in the business of manufacturing or processing for hire: (i)  
40 Timber into timber products or wood products; (ii) timber products

1 into other timber products or wood products; or (iii) products  
2 defined in RCW 19.27.570(1); as to such persons the amount of the tax  
3 with respect to the business is, in the case of manufacturers, equal  
4 to the value of products, including by-products, manufactured, or in  
5 the case of processors for hire, equal to the gross income of the  
6 business, multiplied by the rate of 0.4235 percent from July 1, 2006,  
7 through June 30, 2007, and (~~(0.2904)~~) 0.00 percent from July 1, 2007,  
8 through June 30, 2045.

9 (c) Until July 1, 2045, upon every person engaging within this  
10 state in the business of selling at wholesale: (i) Timber extracted  
11 by that person; (ii) timber products manufactured by that person from  
12 timber or other timber products; (iii) wood products manufactured by  
13 that person from timber or timber products; or (iv) products defined  
14 in RCW 19.27.570(1) manufactured by that person; as to such persons  
15 the amount of the tax with respect to the business is equal to the  
16 gross proceeds of sales of the timber, timber products, wood  
17 products, or products defined in RCW 19.27.570(1) multiplied by the  
18 rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and  
19 (~~(0.2904)~~) 0.00 percent from July 1, 2007, through June 30, 2045.

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

30 (e) For purposes of this subsection, the following definitions  
31 apply:

32 (i) "Biocomposite surface products" means surface material  
33 products containing, by weight or volume, more than (~~(fifty)~~) 50  
34 percent recycled paper and that also use nonpetroleum-based phenolic  
35 resin as a bonding agent.

36 (ii) "Paper and paper products" means products made of interwoven  
37 cellulosic fibers held together largely by hydrogen bonding. "Paper  
38 and paper products" includes newsprint; office, printing, fine, and  
39 pressure-sensitive papers; paper napkins, towels, and toilet tissue;  
40 kraft bag, construction, and other kraft industrial papers;

1 paperboard, liquid packaging containers, containerboard, corrugated,  
2 and solid-fiber containers including linerboard and corrugated  
3 medium; and related types of cellulosic products containing  
4 primarily, by weight or volume, cellulosic materials. "Paper and  
5 paper products" does not include books, newspapers, magazines,  
6 periodicals, and other printed publications, advertising materials,  
7 calendars, and similar types of printed materials.

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

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

18 (v) "Timber products" means:

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

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

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

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

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

34 (g) Nothing in this subsection (12) may be construed to affect  
35 the taxation of any activity defined as a retail sale in RCW  
36 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW  
37 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

38 (13) Upon every person engaging within this state in inspecting,  
39 testing, labeling, and storing canned salmon owned by another person,  
40 as to such persons, the amount of tax with respect to such activities

1 is equal to the gross income derived from such activities multiplied  
2 by the rate of 0.484 percent.

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

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

11 **Sec. 5.** RCW 82.04.2909 and 2017 c 135 s 12 are each amended to  
12 read as follows:

13 (1) Upon every person who is an aluminum smelter engaging within  
14 this state in the business of manufacturing aluminum; as to such  
15 persons the amount of tax with respect to such business is, in the  
16 case of manufacturers, equal to the value of the product  
17 manufactured, or in the case of processors for hire, equal to the  
18 gross income of the business, multiplied by the rate of (~~(.2904)~~)  
19 0.00 percent.

20 (2) Upon every person who is an aluminum smelter engaging within  
21 this state in the business of making sales at wholesale of aluminum  
22 manufactured by that person, as to such persons the amount of tax  
23 with respect to such business is equal to the gross proceeds of sales  
24 of the aluminum multiplied by the rate of .2904 percent.

25 (3) A person reporting under the tax rate provided in subsection  
26 (2) of this section must file a complete annual tax performance  
27 report with the department under RCW 82.32.534.

28 (4) This section expires January 1, 2027.

29 **Sec. 6.** RCW 82.04.294 and 2017 3rd sp.s. c 37 s 403 are each  
30 amended to read as follows:

31 (1) Upon every person engaging within this state in the business  
32 of manufacturing solar energy systems using photovoltaic modules or  
33 stirling converters, or of manufacturing solar grade silicon, silicon  
34 solar wafers, silicon solar cells, thin film solar devices, or  
35 compound semiconductor solar wafers to be used exclusively in  
36 components of such systems; as to such persons the amount of tax with  
37 respect to such business is, in the case of manufacturers, equal to  
38 the value of the product manufactured, or in the case of processors

1 for hire, equal to the gross income of the business, multiplied by  
2 the rate of (~~0.275~~) 0.00 percent.

3 (2) Upon every person engaging within this state in the business  
4 of making sales at wholesale of solar energy systems using  
5 photovoltaic modules or stirling converters, or of solar grade  
6 silicon, silicon solar wafers, silicon solar cells, thin film solar  
7 devices, or compound semiconductor solar wafers to be used  
8 exclusively in components of such systems, manufactured by that  
9 person; as to such persons the amount of tax with respect to such  
10 business is equal to the gross proceeds of sales of the solar energy  
11 systems using photovoltaic modules or stirling converters, or of the  
12 solar grade silicon to be used exclusively in components of such  
13 systems, multiplied by the rate of 0.275 percent.

14 (3) Silicon solar wafers, silicon solar cells, thin film solar  
15 devices, solar grade silicon, or compound semiconductor solar wafers  
16 are "semiconductor materials" for the purposes of RCW 82.08.9651 and  
17 82.12.9651.

18 (4) The definitions in this subsection apply throughout this  
19 section.

20 (a) "Compound semiconductor solar wafers" means a semiconductor  
21 solar wafer composed of elements from two or more different groups of  
22 the periodic table.

23 (b) "Module" means the smallest nondivisible self-contained  
24 physical structure housing interconnected photovoltaic cells and  
25 providing a single direct current electrical output.

26 (c) "Photovoltaic cell" means a device that converts light  
27 directly into electricity without moving parts.

28 (d) "Silicon solar cells" means a photovoltaic cell manufactured  
29 from a silicon solar wafer.

30 (e) "Silicon solar wafers" means a silicon wafer manufactured for  
31 solar conversion purposes.

32 (f) "Solar energy system" means any device or combination of  
33 devices or elements that rely upon direct sunlight as an energy  
34 source for use in the generation of electricity.

35 (g) "Solar grade silicon" means high-purity silicon used  
36 exclusively in components of solar energy systems using photovoltaic  
37 modules to capture direct sunlight. "Solar grade silicon" does not  
38 include silicon used in semiconductors.

39 (h) "Stirling converter" means a device that produces electricity  
40 by converting heat from a solar source utilizing a stirling engine.

1 (i) "Thin film solar devices" means a nonparticipating substrate  
2 on which various semiconducting materials are deposited to produce a  
3 photovoltaic cell that is used to generate electricity.

4 (5) A person reporting under the tax rate provided in subsection  
5 (2) of this section must file a complete annual tax performance  
6 report with the department under RCW 82.32.534.

7 (6) This section expires July 1, 2027.

8 **Sec. 7.** RCW 82.04.280 and 2019 c 449 s 1 are each amended to  
9 read as follows:

10 (1) Upon every person engaging within this state in the business  
11 of: (a) Printing materials other than newspapers, and of publishing  
12 periodicals or magazines; (b) building, repairing or improving any  
13 street, place, road, highway, easement, right-of-way, mass public  
14 transportation terminal or parking facility, bridge, tunnel, or  
15 trestle which is owned by a municipal corporation or political  
16 subdivision of the state or by the United States and which is used or  
17 to be used, primarily for foot or vehicular traffic including mass  
18 transportation vehicles of any kind and including any readjustment,  
19 reconstruction or relocation of the facilities of any public, private  
20 or cooperatively owned utility or railroad in the course of such  
21 building, repairing or improving, the cost of which readjustment,  
22 reconstruction, or relocation, is the responsibility of the public  
23 authority whose street, place, road, highway, easement, right-of-way,  
24 mass public transportation terminal or parking facility, bridge,  
25 tunnel, or trestle is being built, repaired or improved; (c)  
26 extracting for hire (~~(or processing for hire)~~), except persons  
27 taxable as extractors for hire (~~(or processors for hire)~~) under  
28 another section of this chapter; (d) operating a cold storage  
29 warehouse or storage warehouse, but not including the rental of cold  
30 storage lockers; (e) representing and performing services for fire or  
31 casualty insurance companies as an independent resident managing  
32 general agent licensed under the provisions of chapter 48.17 RCW; (f)  
33 radio and television broadcasting, but excluding revenues from  
34 network, national, and regional advertising computed either: (i) As a  
35 standard deduction that the department must publish by rule by  
36 September 30, 2020, and by September 30th of every fifth year  
37 thereafter, based on the national average thereof as reported by the  
38 United States census bureau's economic census; or (ii) in lieu  
39 thereof by itemization by the individual broadcasting station, and

1 excluding that portion of revenue represented by the out-of-state  
2 audience computed as a ratio to the broadcasting station's total  
3 audience as measured by the .5 millivolt/meter signal strength  
4 contour for AM radio, the one millivolt/meter or (~~sixty~~) 60 dBu  
5 signal strength contour for FM radio, the (~~twenty-eight~~) 28 dBu  
6 signal strength contour for television channels two through six, the  
7 (~~thirty-six~~) 36 dBu signal strength contour for television channels  
8 seven through (~~thirteen~~) 13, and the (~~forty-one~~) 41 dBu signal  
9 strength contour for television channels (~~fourteen~~) 14 through  
10 (~~sixty-nine~~) 69 with delivery by wire, satellite, or any other  
11 means, if any; (g) engaging in activities which bring a person within  
12 the definition of consumer contained in RCW 82.04.190(6); as to such  
13 persons, the amount of tax on such business is equal to the gross  
14 income of the business multiplied by the rate of 0.484 percent.

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

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

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

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

36 **Sec. 8.** RCW 82.32.790 and 2019 c 449 s 2 are each amended to  
37 read as follows:

38 (1)(a) Section (~~2~~) 1, chapter 449, Laws of 2019, sections 510,  
39 512, 514, 516, (~~518, 519~~) 520, 522, and 524, chapter 37, Laws of 2017

1 3rd sp. sess., sections ((97)) 13, 17, 22, 24, 30, 32, and 45,  
2 chapter 135, Laws of 2017, sections ((1047)) 110, 117, 123, 125, 129,  
3 131, and 150, chapter 114, Laws of 2010, and sections 1, 2, ((37))  
4 and 5 through 10, chapter 149, Laws of 2003 are contingent upon the  
5 siting and commercial operation of a significant semiconductor  
6 microchip fabrication facility in the state of Washington by January  
7 1, 2024.

8 (b) For the purposes of this section:

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

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

13 (iii) "Significant" means the combined investment of new  
14 buildings and new machinery and equipment in the buildings, at the  
15 commencement of commercial production, will be at least ((one billion  
16 dollars)) \$1,000,000,000.

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

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

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



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

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

8 NEW SECTION. **Sec. 9.** 2017 3rd sp.s. c 37 s 518, 2017 c 135 s 9,  
9 2010 c 114 s 104, & 2003 c 149 s 3 are each repealed.

10 NEW SECTION. **Sec. 10.** This act takes effect October 1, 2021.

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