

**ESSB 6896 - H AMD 1186**

By Representative Alexander

**FAILED 3/7/2006**

1 Beginning on page 4, line 9, strike all of sections 7 and 8 and  
2 insert the following:

3 "Sec. 7. RCW 43.41.260 and 1995 c 265 s 21 are each amended to  
4 read as follows:

5 The health care authority, the office of financial management,  
6 and the department of social and health services shall together  
7 monitor the enrollee level in the basic health plan and the  
8 medicaid caseload of children (~~funded from the health services~~  
9 ~~account~~). The office of financial management shall adjust the  
10 funding levels by interagency reimbursement of funds between the  
11 basic health plan and medicaid and adjust the funding levels  
12 between the health care authority and the medical assistance  
13 administration of the department of social and health services to  
14 maximize combined enrollment.

15 **Sec. 8.** RCW 48.14.0201 and 2005 c 405 s 1 are each amended to  
16 read as follows:

17 (1) As used in this section, "taxpayer" means a health  
18 maintenance organization as defined in RCW 48.46.020, a health care  
19 service contractor as defined in RCW 48.44.010, or a self-funded  
20 multiple employer welfare arrangement as defined in RCW 48.125.010.

21 (2) Each taxpayer shall pay a tax on or before the first day of  
22 March of each year to the state treasurer through the insurance  
23 commissioner's office. The tax shall be equal to the total amount  
24 of all premiums and prepayments for health care services received  
25 by the taxpayer during the preceding calendar year multiplied by  
26 the rate of two percent.

27 (3) Taxpayers shall prepay their tax obligations under this  
28 section. The minimum amount of the prepayments shall be  
29 percentages of the taxpayer's tax obligation for the preceding  
30 calendar year recomputed using the rate in effect for the current

1 year. For the prepayment of taxes due during the first calendar  
2 year, the minimum amount of the prepayments shall be percentages of  
3 the taxpayer's tax obligation that would have been due had the tax  
4 been in effect during the previous calendar year. The tax  
5 prepayments shall be paid to the state treasurer through the  
6 commissioner's office by the due dates and in the following  
7 amounts:

8 (a) On or before June 15, forty-five percent;

9 (b) On or before September 15, twenty-five percent;

10 (c) On or before December 15, twenty-five percent.

11 (4) For good cause demonstrated in writing, the commissioner  
12 may approve an amount smaller than the preceding calendar year's  
13 tax obligation as recomputed for calculating the health maintenance  
14 organization's, health care service contractor's, self-funded  
15 multiple employer welfare arrangement's, or certified health plan's  
16 prepayment obligations for the current tax year.

17 (5) Moneys collected under this section shall be deposited in  
18 the general fund (~~((through March 31, 1996, and in the health  
19 services account under RCW 43.72.900 after March 31, 1996))~~).

20 (6) The taxes imposed in this section do not apply to:

21 (a) Amounts received by any taxpayer from the United States or  
22 any instrumentality thereof as prepayments for health care services  
23 provided under Title XVIII (medicare) of the federal social  
24 security act.

25 (b) Amounts received by any taxpayer from the state of  
26 Washington as prepayments for health care services provided under:

27 (i) The medical care services program as provided in RCW  
28 74.09.035;

29 (ii) The Washington basic health plan on behalf of subsidized  
30 enrollees as provided in chapter 70.47 RCW; or

31 (iii) The medicaid program on behalf of elderly or disabled  
32 clients as provided in chapter 74.09 RCW when these prepayments are  
33 received prior to July 1, 2009, and are associated with a managed  
34 care contract program that has been implemented on a voluntary  
35 demonstration or pilot project basis.

36 (c) Amounts received by any health care service contractor, as  
37 defined in RCW 48.44.010, as prepayments for health care services  
38 included within the definition of practice of dentistry under RCW  
39 18.32.020.

1 (d) Participant contributions to self-funded multiple employer  
2 welfare arrangements that are not taxable in this state.

3 (7) Beginning January 1, 2000, the state does hereby preempt  
4 the field of imposing excise or privilege taxes upon taxpayers and  
5 no county, city, town, or other municipal subdivision shall have  
6 the right to impose any such taxes upon such taxpayers. This  
7 subsection shall be limited to premiums and payments for health  
8 benefit plans offered by health care service contractors under  
9 chapter 48.44 RCW, health maintenance organizations under chapter  
10 48.46 RCW, and self-funded multiple employer welfare arrangements  
11 as defined in RCW 48.125.010. The preemption authorized by this  
12 subsection shall not impair the ability of a county, city, town, or  
13 other municipal subdivision to impose excise or privilege taxes  
14 upon the health care services directly delivered by the employees  
15 of a health maintenance organization under chapter 48.46 RCW.

16 (8)(a) The taxes imposed by this section apply to a self-funded  
17 multiple employer welfare arrangement only in the event that they  
18 are not preempted by the employee retirement income security act of  
19 1974, as amended, 29 U.S.C. Sec. 1001 et seq. The arrangements and  
20 the commissioner shall initially request an advisory opinion from  
21 the United States department of labor or obtain a declaratory  
22 ruling from a federal court on the legality of imposing state  
23 premium taxes on these arrangements. Once the legality of the  
24 taxes has been determined, the multiple employer welfare  
25 arrangement certified by the insurance commissioner must begin  
26 payment of these taxes.

27 (b) If there has not been a final determination of the legality  
28 of these taxes, then beginning on the earlier of (i) the date the  
29 fourth multiple employer welfare arrangement has been certified by  
30 the insurance commissioner, or (ii) April 1, 2006, the arrangement  
31 shall deposit the taxes imposed by this section into an interest  
32 bearing escrow account maintained by the arrangement. Upon a final  
33 determination that the taxes are not preempted by the employee  
34 retirement income security act of 1974, as amended, 29 U.S.C. Sec.  
35 1001 et seq., all funds in the interest bearing escrow account  
36 shall be transferred to the state treasurer.

37 (9) The effect of transferring contracts for health care  
38 services from one taxpayer to another taxpayer is to transfer the  
39 tax prepayment obligation with respect to the contracts.

1 (10) On or before June 1st of each year, the commissioner shall  
2 notify each taxpayer required to make prepayments in that year of  
3 the amount of each prepayment and shall provide remittance forms to  
4 be used by the taxpayer. However, a taxpayer's responsibility to  
5 make prepayments is not affected by failure of the commissioner to  
6 send, or the taxpayer to receive, the notice or forms.

7 **Sec. 9.** RCW 66.24.210 and 2001 c 124 s 1 are each amended to  
8 read as follows:

9 (1) There is hereby imposed upon all wines except cider sold to  
10 wine distributors and the Washington state liquor control board,  
11 within the state a tax at the rate of twenty and one-fourth cents  
12 per liter. There is hereby imposed on all cider sold to wine  
13 distributors and the Washington state liquor control board within  
14 the state a tax at the rate of three and fifty-nine one-hundredths  
15 cents per liter: PROVIDED, HOWEVER, That wine sold or shipped in  
16 bulk from one winery to another winery shall not be subject to such  
17 tax. The tax provided for in this section shall be collected by  
18 direct payments based on wine purchased by wine distributors.

19 Every person purchasing wine under the provisions of this section  
20 shall on or before the twentieth day of each month report to the  
21 board all purchases during the preceding calendar month in such  
22 manner and upon such forms as may be prescribed by the board, and  
23 with such report shall pay the tax due from the purchases covered  
24 by such report unless the same has previously been paid. Any such  
25 purchaser of wine whose applicable tax payment is not postmarked by  
26 the twentieth day following the month of purchase will be assessed  
27 a penalty at the rate of two percent a month or fraction thereof.  
28 The board may require that every such person shall execute to and  
29 file with the board a bond to be approved by the board, in such  
30 amount as the board may fix, securing the payment of the tax. If  
31 any such person fails to pay the tax when due, the board may  
32 forthwith suspend or cancel the license until all taxes are paid.

33 (2) An additional tax is imposed equal to the rate specified in  
34 RCW 82.02.030 multiplied by the tax payable under subsection (1) of  
35 this section. All revenues collected during any month from this  
36 additional tax shall be transferred to the state general fund by  
37 the twenty-fifth day of the following month.

1 (3) An additional tax is imposed on wines subject to tax under  
2 subsection (1) of this section, at the rate of one-fourth of one  
3 cent per liter for wine sold after June 30, 1987. After June 30,  
4 1996, such additional tax does not apply to cider. An additional  
5 tax of five one- hundredths of one cent per liter is imposed on  
6 cider sold after June 30, 1996. All revenues collected under this  
7 subsection (3) shall be disbursed quarterly to the Washington wine  
8 commission for use in carrying out the purposes of chapter 15.88  
9 RCW.

10 (4) An additional tax is imposed on all wine subject to tax  
11 under subsection (1) of this section. The additional tax is equal  
12 to twenty- three and forty-four one-hundredths cents per liter on  
13 fortified wine as defined in RCW 66.04.010(~~(+38+)~~) (39) when  
14 bottled or packaged by the manufacturer, one cent per liter on all  
15 other wine except cider, and eighteen one-hundredths of one cent  
16 per liter on cider. All revenues collected during any month from  
17 this additional tax shall be deposited in the violence reduction  
18 and drug enforcement account under RCW 69.50.520 by the twenty-  
19 fifth day of the following month.

20 (5)(a) An additional tax is imposed on all cider subject to tax  
21 under subsection (1) of this section. The additional tax is equal  
22 to two and four one-hundredths cents per liter of cider sold after  
23 June 30, 1996, and before July 1, 1997, and is equal to four and  
24 seven one- hundredths cents per liter of cider sold after June 30,  
25 1997.

26 (b) All revenues collected from the additional tax imposed  
27 under this subsection (5) shall be deposited in the (( ~~health~~  
28 ~~services account under RCW 43.72.900~~)) general fund.

29 (6) For the purposes of this section, "cider" means table wine  
30 that contains not less than one-half of one percent of alcohol by  
31 volume and not more than seven percent of alcohol by volume and is  
32 made from the normal alcoholic fermentation of the juice of sound,  
33 ripe apples or pears. "Cider" includes, but is not limited to,  
34 flavored, sparkling, or carbonated cider and cider made from  
35 condensed apple or pear must.

36 **Sec. 10.** RCW 66.24.290 and 2003 c 167 s 5 are each amended to  
37 read as follows:

1 (1) Any microbrewer or domestic brewery or beer distributor  
2 licensed under this title may sell and deliver beer and strong beer  
3 to holders of authorized licenses direct, but to no other person,  
4 other than the board; and every such brewery or beer distributor  
5 shall report all sales to the board monthly, pursuant to the  
6 regulations, and shall pay to the board as an added tax for the  
7 privilege of manufacturing and selling the beer and strong beer  
8 within the state a tax of one dollar and thirty cents per barrel of  
9 thirty-one gallons on sales to licensees within the state and on  
10 sales to licensees within the state of bottled and canned beer,  
11 including strong beer, shall pay a tax computed in gallons at the  
12 rate of one dollar and thirty cents per barrel of thirty-one  
13 gallons. Any brewery or beer distributor whose applicable tax  
14 payment is not postmarked by the twentieth day following the month  
15 of sale will be assessed a penalty at the rate of two percent per  
16 month or fraction thereof. Beer and strong beer shall be sold by  
17 breweries and distributors in sealed barrels or packages. The  
18 moneys collected under this subsection shall be distributed as  
19 follows: (a) Three-tenths of a percent shall be distributed to  
20 border areas under RCW 66.08.195; and (b) of the remaining moneys:  
21 (i) Twenty percent shall be distributed to counties in the same  
22 manner as under RCW 66.08.200; and (ii) eighty percent shall be  
23 distributed to incorporated cities and towns in the same manner as  
24 under RCW 66.08.210.

25 (2) An additional tax is imposed on all beer and strong beer  
26 subject to tax under subsection (1) of this section. The  
27 additional tax is equal to two dollars per barrel of thirty-one  
28 gallons. All revenues collected during any month from this  
29 additional tax shall be deposited in the violence reduction and  
30 drug enforcement account under RCW 69.50.520 by the twenty-fifth  
31 day of the following month.

32 (3)(a) An additional tax is imposed on all beer and strong beer  
33 subject to tax under subsection (1) of this section. The  
34 additional tax is equal to ninety-six cents per barrel of thirty-  
35 one gallons through June 30, 1995, two dollars and thirty-nine  
36 cents per barrel of thirty-one gallons for the period July 1, 1995,  
37 through June 30, 1997, and four dollars and seventy-eight cents per  
38 barrel of thirty-one gallons thereafter.

1 (b) The additional tax imposed under this subsection does not  
2 apply to the sale of the first sixty thousand barrels of beer each  
3 year by breweries that are entitled to a reduced rate of tax under  
4 26 U.S.C. Sec. 5051, as existing on July 1, 1993, or such  
5 subsequent date as may be provided by the board by rule consistent  
6 with the purposes of this exemption.

7 (c) All revenues collected from the additional tax imposed  
8 under this subsection (3) shall be deposited in the (( ~~health~~  
9 ~~services account under RCW 43.72.900~~)) general fund.

10 (4) An additional tax is imposed on all beer and strong beer  
11 that is subject to tax under subsection (1) of this section that is  
12 in the first sixty thousand barrels of beer and strong beer by  
13 breweries that are entitled to a reduced rate of tax under 26  
14 U.S.C. Sec. 5051, as existing on July 1, 1993, or such subsequent  
15 date as may be provided by the board by rule consistent with the  
16 purposes of the exemption under subsection (3)(b) of this section.  
17 The additional tax is equal to one dollar and forty-eight and two-  
18 tenths cents per barrel of thirty-one gallons. By the twenty-fifth  
19 day of the following month, three percent of the revenues collected  
20 from this additional tax shall be distributed to border areas under  
21 RCW 66.08.195 and the remaining moneys shall be transferred to the  
22 state general fund.

23 (5) The board may make refunds for all taxes paid on beer and  
24 strong beer exported from the state for use outside the state.

25 (6) The board may require filing with the board of a bond to be  
26 approved by it, in such amount as the board may fix, securing the  
27 payment of the tax. If any licensee fails to pay the tax when due,  
28 the board may forthwith suspend or cancel his or her license until  
29 all taxes are paid.

30 **Sec. 11.** RCW 70.05.125 and 1998 c 266 s 1 are each amended to  
31 read as follows:

32 (1) The county public health account is created in the state  
33 treasury. Funds deposited in the county public health account  
34 shall be distributed by the state treasurer to each local public  
35 health jurisdiction based upon amounts certified to it by the  
36 department of community, trade, and economic development in  
37 consultation with the Washington state association of counties.  
38 The account shall include funds distributed under RCW ((~~82.44.110~~

1 and)) 82.14.200(8) and such funds as are appropriated to the  
2 account from the ((~~health services account under RCW 43.72.900~~))  
3 general fund, the public health services account under RCW  
4 43.72.902, and such other funds as the legislature may appropriate  
5 to it.

6 (2)(a) The director of the department of community, trade, and  
7 economic development shall certify the amounts to be distributed to  
8 each local public health jurisdiction using 1995 as the base year  
9 of actual city contributions to local public health.

10 (b) Only if funds are available and in an amount no greater  
11 than available funds under RCW 82.14.200(8), the department of  
12 community, trade, and economic development shall adjust the amount  
13 certified under (a) of this subsection to compensate for any  
14 annexation of an area with fifty thousand residents or more to any  
15 city as a result of a petition during calendar year 1996 or 1997,  
16 or for any city that became newly incorporated as a result of an  
17 election during calendar year 1994 or 1995. The amount to be  
18 adjusted shall be equal to the amount which otherwise would have  
19 been lost to the health jurisdiction due to the annexation or  
20 incorporation as calculated using the jurisdiction's 1995 funding  
21 formula.

22 (c) The county treasurer shall certify the actual 1995 city  
23 contribution to the department. Funds in excess of the base shall  
24 be distributed proportionately among the health jurisdictions based  
25 on incorporated population figures as last determined by the office  
26 of financial management.

27 (3) Moneys distributed under this section shall be expended  
28 exclusively for local public health purposes.

29 **Sec. 12.** RCW 70.47.015 and 1997 c 337 s 1 are each amended to  
30 read as follows:

31 (1) The legislature finds that the basic health plan has been  
32 an effective program in providing health coverage for uninsured  
33 residents. Further, since 1993, substantial amounts of public funds  
34 have been allocated for subsidized basic health plan enrollment.

35 (2) It is the intent of the legislature that the basic health  
36 plan enrollment be expanded expeditiously, ((~~consistent with funds  
37 available in the health services account,~~)) with the goal of two  
38 hundred thousand adult subsidized basic health plan enrollees and



1 one hundred thirty thousand children covered through expanded  
2 medical assistance services by June 30, 1997, with the priority of  
3 providing needed health services to children in conjunction with  
4 other public programs.

5 (3) Effective January 1, 1996, basic health plan enrollees  
6 whose income is less than one hundred twenty-five percent of the  
7 federal poverty level shall pay at least a ten-dollar premium  
8 share.

9 (4) No later than July 1, 1996, the administrator shall  
10 implement procedures whereby hospitals licensed under chapters  
11 70.41 and 71.12 RCW, health carrier, rural health care facilities  
12 regulated under chapter 70.175 RCW, and community and migrant  
13 health centers funded under RCW 41.05.220, may expeditiously assist  
14 patients and their families in applying for basic health plan or  
15 medical assistance coverage, and in submitting such applications  
16 directly to the health care authority or the department of social  
17 and health services. The health care authority and the department  
18 of social and health services shall make every effort to simplify  
19 and expedite the application and enrollment process.

20 (5) No later than July 1, 1996, the administrator shall  
21 implement procedures whereby health insurance agents and brokers,  
22 licensed under chapter 48.17 RCW, may expeditiously assist patients  
23 and their families in applying for basic health plan or medical  
24 assistance coverage, and in submitting such applications directly  
25 to the health care authority or the department of social and health  
26 services. Brokers and agents may receive a commission for each  
27 individual sale of the basic health plan to anyone not signed up  
28 within the previous five years and a commission for each group sale  
29 of the basic health plan, if funding for this purpose is provided  
30 in a specific appropriation to the health care authority. No  
31 commission shall be provided upon a renewal. Commissions shall be  
32 determined based on the estimated annual cost of the basic health  
33 plan, however, commissions shall not result in a reduction in the  
34 premium amount paid to health carriers. For purposes of this  
35 section "health carrier" is as defined in RCW 48.43.005. The  
36 administrator may establish: (a) Minimum educational requirements  
37 that must be completed by the agents or brokers; (b) an appointment  
38 process for agents or brokers marketing the basic health plan; or  
39 (c) standards for revocation of the appointment of an agent or

1 broker to submit applications for cause, including untrustworthy or  
2 incompetent conduct or harm to the public. The health care  
3 authority and the department of social and health services shall  
4 make every effort to simplify and expedite the application and  
5 enrollment process.  
6

7 **Sec. 13.** RCW 82.04.260 and 2005 c 513 s 2 are each amended to  
8 read as follows:

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

11 (a) Wheat into flour, barley into pearl barley, soybeans into  
12 soybean oil, canola into canola oil, canola meal, or canola  
13 byproducts, or sunflower seeds into sunflower oil; as to such  
14 persons the amount of tax with respect to such business shall be  
15 equal to the value of the flour, pearl barley, oil, canola meal, or  
16 canola byproduct manufactured, multiplied by the rate of 0.138  
17 percent;

18 (b) Seafood products which remain in a raw, raw frozen, or raw  
19 salted state at the completion of the manufacturing by that person;  
20 as to such persons the amount of tax with respect to such business  
21 shall be equal to the value of the products manufactured,  
22 multiplied by the rate of 0.138 percent;

23 (c) Dairy products that as of September 20, 2001, are  
24 identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,  
25 including byproducts from the manufacturing of the dairy products  
26 such as whey and casein; or selling the same to purchasers who  
27 transport in the ordinary course of business the goods out of  
28 state; as to such persons the tax imposed shall be equal to the  
29 value of the products manufactured multiplied by the rate of 0.138  
30 percent. As proof of sale to a person who transports in the  
31 ordinary course of business goods out of this state, the seller  
32 shall annually provide a statement in a form prescribed by the  
33 department and retain the statement as a business record;

34 (d) Until July 1, 2009, alcohol fuel, biodiesel fuel, or  
35 biodiesel feedstock, as those terms are defined in RCW 82.29A.135;  
36 as to such persons the amount of tax with respect to the business  
37 shall be equal to the value of alcohol fuel, biodiesel fuel, or  
38 biodiesel feedstock manufactured, multiplied by the rate of 0.138  
39 percent; and

1 (e) Alcohol fuel or wood biomass fuel, as those terms are  
2 defined in RCW 82.29A.135; as to such persons the amount of tax  
3 with respect to the business shall be equal to the value of alcohol  
4 fuel or wood biomass fuel manufactured, multiplied by the rate of  
5 0.138 percent.

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

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

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

22 (5) Upon every person engaging within this state in the  
23 business of acting as a travel agent or tour operator; as to such  
24 persons the amount of the tax with respect to such activities shall  
25 be equal to the gross income derived from such activities  
26 multiplied by the rate of 0.275 percent.

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

35 (7) Upon every person engaging within this state in the  
36 business of stevedoring and associated activities pertinent to the  
37 movement of goods and commodities in waterborne interstate or  
38 foreign commerce; as to such persons the amount of tax with respect  
39 to such business shall be equal to the gross proceeds derived from

1 such activities multiplied by the rate of 0.275 percent. Persons  
2 subject to taxation under this subsection shall be exempt from  
3 payment of taxes imposed by chapter 82.16 RCW for that portion of  
4 their business subject to taxation under this subsection.  
5 Stevedoring and associated activities pertinent to the conduct of  
6 goods and commodities in waterborne interstate or foreign commerce  
7 are defined as all activities of a labor, service or transportation  
8 nature whereby cargo may be loaded or unloaded to or from vessels  
9 or barges, passing over, onto or under a wharf, pier, or similar  
10 structure; cargo may be moved to a warehouse or similar holding or  
11 storage yard or area to await further movement in import or export  
12 or may move to a consolidation freight station and be stuffed,  
13 unstuffed, containerized, separated or otherwise segregated or  
14 aggregated for delivery or loaded on any mode of transportation for  
15 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;  
22 terminal stevedoring and incidental vessel services, including but  
23 not limited to plugging and unplugging refrigerator service to  
24 containers, trailers, and other refrigerated cargo receptacles, and  
25 securing ship hatch covers.

26 (8) 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; as to such persons the amount of the tax with respect  
29 to such business shall be equal to the gross income of the  
30 business, excluding any fees imposed under chapter 43.200 RCW,  
31 multiplied by the rate of 3.3 percent.

32 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 shall be determined in accordance with  
35 the methods of apportionment required under RCW 82.04.460.

36 (9) Upon every person engaging within this state as an  
37 insurance agent, insurance broker, or insurance solicitor licensed  
38 under chapter 48.17 RCW; as to such persons, the amount of the tax  
39 with respect to such licensed activities shall be equal to the

1 gross income of such business multiplied by the rate of 0.484  
2 percent.

3 (10) Upon every person engaging within this state in business  
4 as a hospital, as defined in chapter 70.41 RCW, that is operated as  
5 a 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 shall be equal to the gross income of the business  
8 multiplied by the rate of 0.75 percent through June 30, 1995, and  
9 1.5 percent thereafter. The moneys collected under this subsection  
10 shall be deposited in the (~~health services account created under~~  
11 ~~RCW 43.72.900~~) general fund.

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

19 (i) 0.4235 percent from October 1, 2005, through the later of  
20 June 30, 2007, or the day preceding the date final assembly of a  
21 superefficient airplane begins in Washington state, as determined  
22 under RCW 82.32.550; and

23 (ii) 0.2904 percent beginning on the later of July 1, 2007, or  
24 the date final assembly of a superefficient airplane begins in  
25 Washington state, as determined under RCW 82.32.550.

26 (b) Beginning October 1, 2005, upon every person engaging  
27 within this state in the business of making sales, at retail or  
28 wholesale, of commercial airplanes, or components of such  
29 airplanes, manufactured by that person, as to such persons the  
30 amount of tax with respect to such business shall be equal to the  
31 gross proceeds of sales of the airplanes or components multiplied  
32 by the rate of:

33 (i) 0.4235 percent from October 1, 2005, through the later of  
34 June 30, 2007, or the day preceding the date final assembly of a  
35 superefficient airplane begins in Washington state, as determined  
36 under RCW 82.32.550; and

37 (ii) 0.2904 percent beginning on the later of July 1, 2007, or  
38 the date final assembly of a superefficient airplane begins in  
39 Washington state, as determined under RCW 82.32.550.

1 (c) For the purposes of this subsection (11), "commercial  
2 airplane," "component," and "final assembly of a superefficient  
3 airplane" have the meanings given in RCW 82.32.550.

4 (d) In addition to all other requirements under this title, a  
5 person eligible for the tax rate under this subsection (11) must  
6 report as required under RCW 82.32.545.

7 (e) This subsection (11) does not apply after the earlier of:  
8 July 1, 2024; or December 31, 2007, if assembly of a superefficient  
9 airplane does not begin by December 31, 2007, as determined under  
10 RCW 82.32.550.

11 **Sec. 14.** RCW 82.08.150 and 2003 c 167 s 11 are each amended to  
12 read as follows:

13 (1) There is levied and shall be collected a tax upon each  
14 retail sale of spirits in the original package at the rate of  
15 fifteen percent of the selling price. The tax imposed in this  
16 subsection shall apply to all such sales including sales by the  
17 Washington state liquor stores and agencies, but excluding sales to  
18 spirits, beer, and wine restaurant licensees.

19 (2) There is levied and shall be collected a tax upon each sale  
20 of spirits in the original package at the rate of ten percent of  
21 the selling price on sales by Washington state liquor stores and  
22 agencies to spirits, beer, and wine restaurant licensees.

23 (3) There is levied and shall be collected an additional tax  
24 upon each retail sale of spirits in the original package at the  
25 rate of one dollar and seventy-two cents per liter. The additional  
26 tax imposed in this subsection shall apply to all such sales  
27 including sales by Washington state liquor stores and agencies, and  
28 including sales to spirits, beer, and wine restaurant licensees.

29 (4) An additional tax is imposed equal to fourteen percent  
30 multiplied by the taxes payable under subsections (1), (2), and (3)  
31 of this section.

32 (5) An additional tax is imposed upon each retail sale of  
33 spirits in the original package at the rate of seven cents per  
34 liter. The additional tax imposed in this subsection shall apply  
35 to all such sales including sales by Washington state liquor stores  
36 and agencies, and including sales to spirits, beer, and wine  
37 restaurant licensees. All revenues collected during any month from  
38 this additional tax shall be deposited in the violence reduction

1 and drug enforcement account under RCW 69.50.520 by the twenty-  
2 fifth day of the following month.

3 (6)(a) An additional tax is imposed upon retail sale of spirits  
4 in the original package at the rate of one and seven-tenths percent  
5 of the selling price through June 30, 1995, two and six-tenths  
6 percent of the selling price for the period July 1, 1995, through  
7 June 30, 1997, and three and four-tenths of the selling price  
8 thereafter. This additional tax applies to all such sales  
9 including sales by Washington state liquor stores and agencies, but  
10 excluding sales to spirits, beer, and wine restaurant licensees.

11 (b) An additional tax is imposed upon retail sale of spirits in  
12 the original package at the rate of one and one-tenth percent of  
13 the selling price through June 30, 1995, one and seven-tenths  
14 percent of the selling price for the period July 1, 1995, through  
15 June 30, 1997, and two and three-tenths of the selling price  
16 thereafter. This additional tax applies to all such sales to  
17 spirits, beer, and wine restaurant licensees.

18 (c) An additional tax is imposed upon each retail sale of  
19 spirits in the original package at the rate of twenty cents per  
20 liter through June 30, 1995, thirty cents per liter for the period  
21 July 1, 1995, through June 30, 1997, and forty-one cents per liter  
22 thereafter. This additional tax applies to all such sales  
23 including sales by Washington state liquor stores and agencies, and  
24 including sales to spirits, beer, and wine restaurant licensees.

25 (d) All revenues collected during any month from additional  
26 taxes under this subsection shall be deposited in the (~~health~~  
27 ~~services account created under RCW 43.72.900~~) general fund by the  
28 twenty-fifth day of the following month.

29 (7) The tax imposed in RCW 82.08.020 shall not apply to sales  
30 of spirits in the original package.

31 (8) The taxes imposed in this section shall be paid by the  
32 buyer to the seller, and each seller shall collect from the buyer  
33 the full amount of the tax payable in respect to each taxable sale  
34 under this section. The taxes required by this section to be  
35 collected by the seller shall be stated separately from the selling  
36 price and for purposes of determining the tax due from the buyer to  
37 the seller, it shall be conclusively presumed that the selling  
38 price quoted in any price list does not include the taxes imposed  
39 by this section.

1 (9) As used in this section, the terms, "spirits" and "package"  
2 shall have the meaning ascribed to them in chapter 66.04 RCW.

3 **Sec. 15.** RCW 82.24.020 and 2003 c 114 s 1 are each amended to  
4 read as follows:

5 (1) There is levied and there shall be collected as provided in  
6 this chapter, a tax upon the sale, use, consumption, handling,  
7 possession or distribution of all cigarettes, in an amount equal to  
8 the rate of eleven and one-half mills per cigarette.

9 (2) An additional tax is imposed upon the sale, use,  
10 consumption, handling, possession, or distribution of all  
11 cigarettes, in an amount equal to the rate of five and one-fourth  
12 mills per cigarette. All revenues collected during any month from  
13 this additional tax shall be deposited in the violence reduction  
14 and drug enforcement account under RCW 69.50.520 by the twenty-  
15 fifth day of the following month.

16 (3) An additional tax is imposed upon the sale, use,  
17 consumption, handling, possession, or distribution of all  
18 cigarettes, in an amount equal to the rate of ten mills per  
19 cigarette through June 30, 1994, eleven and one-fourth mills per  
20 cigarette for the period July 1, 1994, through June 30, 1995,  
21 twenty mills per cigarette for the period July 1, 1995, through  
22 June 30, 1996, and twenty and one-half mills per cigarette  
23 thereafter. All revenues collected during any month from this  
24 additional tax shall be deposited in the (~~health services account~~  
25 ~~created under RCW 43.72.900~~) general fund by the twenty-fifth day  
26 of the following month.

27 (4) Wholesalers subject to the payment of this tax may, if they  
28 wish, absorb one-half mill per cigarette of the tax and not pass it  
29 on to purchasers without being in violation of this section or any  
30 other act relating to the sale or taxation of cigarettes.

31 (5) For purposes of this chapter, "possession" shall mean both  
32 (a) physical possession by the purchaser and, (b) when cigarettes  
33 are being transported to or held for the purchaser or his or her  
34 designee by a person other than the purchaser, constructive  
35 possession by the purchaser or his or her designee, which  
36 constructive possession shall be deemed to occur at the location of  
37 the cigarettes being so transported or held.



1           **Sec. 16.** RCW 82.24.028 and 2002 c 2 s 3 are each amended to  
2 read as follows:

3           In addition to the tax imposed upon the sale, use, consumption,  
4 handling, possession, or distribution of cigarettes set forth in  
5 RCW 82.24.020, there is imposed a tax in an amount equal to the  
6 rate of thirty mills per cigarette effective January 1, 2002. All  
7 revenues collected during any month from this additional tax shall  
8 be deposited in the ((~~health services account created under RCW~~  
9 ~~43.72.900~~)) general fund by the twenty-fifth day of the following  
10 month.

11           **Sec. 17.** RCW 82.26.020 and 2005 c 180 s 3 are each amended to  
12 read as follows:

13           (1) There is levied and there shall be collected a tax upon the  
14 sale, handling, or distribution of all tobacco products in this  
15 state at the following rate:

16           (a) Seventy-five percent of the taxable sales price of cigars,  
17 not to exceed fifty cents per cigar; or

18           (b) Seventy-five percent of the taxable sales price of all  
19 tobacco products that are not cigars.

20           (2) Taxes under this section shall be imposed at the time the  
21 distributor (a) brings, or causes to be brought, into this state  
22 from without the state tobacco products for sale, (b) makes,  
23 manufactures, fabricates, or stores tobacco products in this state  
24 for sale in this state, (c) ships or transports tobacco products to  
25 retailers in this state, to be sold by those retailers, or (d)  
26 handles for sale any tobacco products that are within this state  
27 but upon which tax has not been imposed.

28           (3) The moneys collected under this section shall be deposited  
29 as follows:

30           (a) ((~~Thirty-seven~~)) Eighty-seven percent in the general fund;  
31 and

32           (b) ((~~Fifty percent in the health services account created~~  
33 ~~under RCW 43.72.900; and~~

34 ~~—(c)—~~)Thirteen percent in the water quality account under RCW  
35 70.146.030 for the period beginning July 1, 2005, through June 30,  
36 2021, and in the general fund for the period beginning July 1,  
37 2021.

1           NEW SECTION. Sec. 18. A new section is added to chapter 43.79  
2 RCW to read as follows:

3           (1) For the fiscal biennium beginning July 1, 2007, and for  
4 each fiscal biennium thereafter, the treasurer shall transfer the  
5 following amounts from revenues deposited in the general fund  
6 pursuant to RCW 82.24.028 and 82.26.028:

7           (a) To the violence reduction and drug enforcement account  
8 under RCW 69.50.520, six million nine hundred thirty-two thousand  
9 dollars, as required by RCW 82.24.020(2); and

10           (b) To the water quality account under RCW 70.146.030, seven  
11 million eight hundred eighty-five thousand dollars, as required by  
12 RCW 82.24.027(2)(a).

13           (2) Ten percent of the amounts deposited into the general fund  
14 under RCW 82.24.028 and 82.26.028 shall be transferred no less  
15 frequently than annually by the treasurer to the tobacco prevention  
16 and control account established by RCW 43.79.480. The amounts  
17 transferred shall be used exclusively for implementation of the  
18 Washington state tobacco prevention and control plan. For the  
19 fiscal year beginning on July 1, 2007, and for each fiscal year  
20 thereafter, the legislature shall appropriate no less than twenty-  
21 six million two hundred forty thousand dollars from the tobacco  
22 prevention and control account for implementation of the Washington  
23 state tobacco prevention and control plan.

24           NEW SECTION. Sec. 19. RCW 43.72.900 (Health services account)  
25 and 2003 c 259 s 1, 2002 c 371 s 909, 2002 c 2 s 2, & 1993 c 492 s  
26 469 are each repealed."

27           Renumber remaining sections consecutively and correct title and  
28 internal references accordingly.

29  
30           On page 9, beginning on line 3, strike "the health services  
31 account," and insert "~~((the health services account,))~~"

32           On page 12, beginning on line 14, strike "the health services  
33 account," and insert "~~((the health services account,))~~"

34           On page 14, line 12, strike all of section 12

1           Renumber remaining sections consecutively and correct title and  
2 internal references accordingly.

**EFFECT:** Strikes the amendments to I-601 that adjusted the limit upward for the appropriations in the bill and prevented a decrease in the limit for program cost shifts. Adds provisions that repeal the Health Services Account and consolidate it with the state General Fund.