
ENGROSSED SENATE BILL 6690

State of Washington

66th Legislature

2020 Regular Session

By Senators Lias and King

1 AN ACT Relating to aerospace business and occupation taxes and
2 world trade organization compliance; reenacting and amending RCW
3 82.04.260; adding a new section to chapter 82.04 RCW; adding a new
4 section to chapter 51.04 RCW; creating new sections; and declaring an
5 emergency.

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

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

15 (2) The legislature finds that a commitment to the elimination of
16 trade barriers for aerospace as well as several other vital
17 Washington exports is important. The legislature also wishes to help
18 bring the United States into full compliance with a recent world
19 trade organization ruling asserting Washington's business and
20 occupation tax rate of 0.2904 percent violates world trade
21 organization rules. The legislature hopes this action to help bring

1 the United States into compliance will end the threat of retaliatory
2 tariffs against many of Washington's industries, including
3 agricultural products, fish, wine, and intellectual property.

4 (3) The legislature appreciates the state aerospace industry's
5 commitment to complying with the world trade organization ruling by
6 advocating for the repeal of the preferential business and occupation
7 tax. The legislature hopes that the repeal of this Washington
8 aerospace preference will ensure continued economic success and
9 competitiveness for the industry as well as many other industries.
10 The legislature further hopes that the repeal of the 0.2904 business
11 and occupation tax will allow for the complete resolution of all
12 trade disputes surrounding large civil aircraft.

13 (4) The legislature further finds that the people of Washington
14 benefit from the presence of the aerospace industry in Washington
15 state. The industry provides good wages and benefits for thousands of
16 engineers, technicians, mechanics, and support staff working across
17 the state. Furthermore, the legislature has a goal of preserving and
18 growing employment in Washington state. The legislature intends that
19 the future consideration of all tax measures will work to achieve
20 this goal in a manner compliant with the world trade organization.

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

23 The rate of 0.357 percent authorized pursuant to RCW
24 82.04.260(11)(e) may be imposed only if the following conditions are
25 met:

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

30 (2) Such agreement expressly allows a business and occupation tax
31 rate reduction for commercial airplane manufacturers to either 0.357
32 percent or, if that rate is not permissible, a specific alternative
33 tax rate, or a specific amount or maximum amount by which the
34 existing tax rates may be reduced, that results in a tax rate of at
35 least 0.357 percent.

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

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

6 (5) Within thirty days of receiving the last of the written
7 notices described in subsections (3) and (4) of this section, the
8 department must provide written notice to the chief clerk of the
9 house of representatives, the secretary of the senate, the office of
10 the code reviser, and others as deemed appropriate by the department,
11 that the tax rates in RCW 82.04.260(11)(e) are reduced to 0.357
12 percent and the effective date of the rate reduction.

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

18 (7) For the purpose of this section, "world trade organization
19 disputes involving large civil airplanes" means any disputes filed by
20 the United States or the European Union prior to the effective date
21 of this section that involve either allegations of subsidies to large
22 civil airplanes, or allegations of taxes imposed by Washington on
23 commercial airplanes, or both.

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

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

28 (a) Wheat into flour, barley into pearl barley, soybeans into
29 soybean oil, canola into canola oil, canola meal, or canola by-
30 products, or sunflower seeds into sunflower oil; as to such persons
31 the amount of tax with respect to such business is equal to the value
32 of the flour, pearl barley, oil, canola meal, or canola by-product
33 manufactured, multiplied by the rate of 0.138 percent;

34 (b) Beginning July 1, 2025, seafood products that remain in a
35 raw, raw frozen, or raw salted state at the completion of the
36 manufacturing by that person; or selling manufactured seafood
37 products that remain in a raw, raw frozen, or raw salted state at the
38 completion of the manufacturing, to purchasers who transport in the
39 ordinary course of business the goods out of this state; as to such

1 persons the amount of tax with respect to such business is equal to
2 the value of the products manufactured or the gross proceeds derived
3 from such sales, multiplied by the rate of 0.138 percent. Sellers
4 must keep and preserve records for the period required by RCW
5 82.32.070 establishing that the goods were transported by the
6 purchaser in the ordinary course of business out of this state;

7 (c) (i) Except as provided otherwise in (c) (iii) of this
8 subsection, from July 1, 2025, until January 1, 2036, dairy products;
9 or selling dairy products that the person has manufactured to
10 purchasers who either transport in the ordinary course of business
11 the goods out of state or purchasers who use such dairy products as
12 an ingredient or component in the manufacturing of a dairy product;
13 as to such persons the tax imposed is equal to the value of the
14 products manufactured or the gross proceeds derived from such sales
15 multiplied by the rate of 0.138 percent. Sellers must keep and
16 preserve records for the period required by RCW 82.32.070
17 establishing that the goods were transported by the purchaser in the
18 ordinary course of business out of this state or sold to a
19 manufacturer for use as an ingredient or component in the
20 manufacturing of a dairy product.

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

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

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

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

35 (d) (i) Beginning July 1, 2025, fruits or vegetables by canning,
36 preserving, freezing, processing, or dehydrating fresh fruits or
37 vegetables, or selling at wholesale fruits or vegetables manufactured
38 by the seller by canning, preserving, freezing, processing, or
39 dehydrating fresh fruits or vegetables and sold to purchasers who
40 transport in the ordinary course of business the goods out of this

1 state; as to such persons the amount of tax with respect to such
2 business is equal to the value of the products manufactured or the
3 gross proceeds derived from such sales multiplied by the rate of
4 0.138 percent. Sellers must keep and preserve records for the period
5 required by RCW 82.32.070 establishing that the goods were
6 transported by the purchaser in the ordinary course of business out
7 of this state.

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

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

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

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

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

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

39 (b) Upon every person engaging within this state in the business
40 of acting as a travel agent or tour operator and whose annual taxable

1 amount for the calendar year was more than two hundred fifty thousand
2 dollars; as to such persons the amount of the tax with respect to
3 such activities is equal to the gross income derived from such
4 activities multiplied by the rate of 0.275 percent through June 30,
5 2019, and 0.9 percent beginning July 1, 2019.

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

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

1 trailers, and other refrigerated cargo receptacles, and securing ship
2 hatch covers.

3 (8) (a) Upon every person engaging within this state in the
4 business of disposing of low-level waste, as defined in RCW
5 43.145.010; as to such persons the amount of the tax with respect to
6 such business is equal to the gross income of the business, excluding
7 any fees imposed under chapter 43.200 RCW, multiplied by the rate of
8 3.3 percent.

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

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

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

26 (11) (a) Beginning October 1, 2005, upon every person engaging
27 within this state in the business of manufacturing commercial
28 airplanes, or components of such airplanes, or making sales, at
29 retail or wholesale, of commercial airplanes or components of such
30 airplanes, manufactured by the seller, as to such persons the amount
31 of tax with respect to such business is, in the case of
32 manufacturers, equal to the value of the product manufactured and the
33 gross proceeds of sales of the product manufactured, or in the case
34 of processors for hire, equal to the gross income of the business,
35 multiplied by the rate of:

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

38 (ii) 0.2904 percent beginning July 1, 2007, through March 31,
39 2020; and

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

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

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

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

19 (A) The rate under RCW 82.04.250(1) on the business of making
20 retail sales of tooling specifically designed for use in
21 manufacturing commercial airplanes or components of such airplanes;
22 and

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

25 (c) For the purposes of this subsection (11), "commercial
26 airplane" and "component" have the same meanings as provided in RCW
27 82.32.550.

28 (d) (i) In addition to all other requirements under this title, a
29 person reporting under the tax rate provided in this subsection (11)
30 must file a complete annual tax performance report with the
31 department under RCW 82.32.534. However, this requirement does not
32 apply to persons reporting under the tax rate in (a)(iii) of this
33 subsection (11), so long as that rate remains 0.484 percent, or under
34 any of the tax rates in (b)(ii)(A) and (B) of this subsection (11),
35 so long as those tax rates remain the rate imposed pursuant to RCW
36 82.04.250(1) and 0.484 percent, respectively.

37 (ii) Nothing in (d)(i) of this subsection (11) may be construed
38 as affecting the obligation of a person reporting under a tax rate
39 provided in this subsection (11) to file a complete annual tax
40 performance report with the department under RCW 82.32.534: (A)

1 Pursuant to another provision of this title as a result of claiming a
2 tax credit or exemption; or (B) pursuant to (d) (i) of this subsection
3 (11) as a result of claiming the tax rates in (a) (ii) or (b) (i) of
4 this subsection (11) for periods ending before April 1, 2020.

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

12 (ii) Both a significant commercial airplane manufacturer
13 separately and the rest of the aerospace industry as a whole,
14 receiving the rate of 0.357 percent under this subsection (11) (e) are
15 subject to the aerospace apprenticeship utilization rates required
16 under section 4 of this act by April 1, 2026, or five years after the
17 effective date of the 0.357 percent rate authorized under this
18 subsection (11) (e), whichever is later, as determined by the
19 department of labor and industries.

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

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

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

38 (g) For the purposes of this subsection, "a significant
39 commercial airplane manufacturer" means a manufacturer of commercial

1 airplanes with at least fifty thousand full-time employees in
2 Washington as of January 1, 2021.

3 (12)(a) Until July 1, 2045, upon every person engaging within
4 this state in the business of extracting timber or extracting for
5 hire timber; as to such persons the amount of tax with respect to the
6 business is, in the case of extractors, equal to the value of
7 products, including by-products, extracted, or in the case of
8 extractors for hire, equal to the gross income of the business,
9 multiplied by the rate of 0.4235 percent from July 1, 2006, through
10 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
11 2045.

12 (b) Until July 1, 2045, upon every person engaging within this
13 state in the business of manufacturing or processing for hire: (i)
14 Timber into timber products or wood products; (ii) timber products
15 into other timber products or wood products; or (iii) products
16 defined in RCW 19.27.570(1); as to such persons the amount of the tax
17 with respect to the business is, in the case of manufacturers, equal
18 to the value of products, including by-products, manufactured, or in
19 the case of processors for hire, equal to the gross income of the
20 business, multiplied by the rate of 0.4235 percent from July 1, 2006,
21 through June 30, 2007, and 0.2904 percent from July 1, 2007, through
22 June 30, 2045.

23 (c) Until July 1, 2045, upon every person engaging within this
24 state in the business of selling at wholesale: (i) Timber extracted
25 by that person; (ii) timber products manufactured by that person from
26 timber or other timber products; (iii) wood products manufactured by
27 that person from timber or timber products; or (iv) products defined
28 in RCW 19.27.570(1) manufactured by that person(~~(+)~~) ; as to such
29 persons the amount of the tax with respect to the business is equal
30 to the gross proceeds of sales of the timber, timber products, wood
31 products, or products defined in RCW 19.27.570(1) multiplied by the
32 rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and
33 0.2904 percent from July 1, 2007, through June 30, 2045.

34 (d) Until July 1, 2045, upon every person engaging within this
35 state in the business of selling standing timber; as to such persons
36 the amount of the tax with respect to the business is equal to the
37 gross income of the business multiplied by the rate of 0.2904
38 percent. For purposes of this subsection (12)(d), "selling standing
39 timber" means the sale of timber apart from the land, where the buyer
40 is required to sever the timber within thirty months from the date of

1 the original contract, regardless of the method of payment for the
2 timber and whether title to the timber transfers before, upon, or
3 after severance.

4 (e) For purposes of this subsection, the following definitions
5 apply:

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

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

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

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

32 (v) "Timber products" means:

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

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

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

1 (vi) "Wood products" means paper and paper products; dimensional
2 lumber; engineered wood products such as particleboard, oriented
3 strand board, medium density fiberboard, and plywood; wood doors;
4 wood windows; and biocomposite surface products.

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

9 (g) Nothing in this subsection (12) may be construed to affect
10 the taxation of any activity defined as a retail sale in RCW
11 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW
12 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

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

18 (14)(a) Upon every person engaging within this state in the
19 business of printing a newspaper, publishing a newspaper, or both,
20 the amount of tax on such business is equal to the gross income of
21 the business multiplied by the rate of 0.35 percent until July 1,
22 2024, and 0.484 percent thereafter.

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

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

28 (1) A significant commercial airplane manufacturer receiving the
29 rate of 0.357 percent under RCW 82.04.260(11)(e) is subject to an
30 aerospace apprenticeship utilization rate of one and five-tenths
31 percent of its qualified apprenticeable workforce in Washington by
32 July 1, 2026, or five years after the effective date of the 0.357
33 percent rate authorized under RCW 82.04.260(11)(e), whichever is
34 later, as determined by the department of labor and industries.

35 (2) The aerospace industry in Washington, excluding a significant
36 commercial airplane manufacturer, is subject to an aerospace
37 apprenticeship utilization rate of one and five-tenths percent of its
38 qualified apprenticeable workforce in Washington by July 1, 2026, or
39 five years after the effective date of the 0.357 percent rate

1 authorized under RCW 82.04.260(11)(e), whichever is later, as
2 determined by the department of labor and industries.

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

6 (4) The department of labor and industries shall report the
7 aerospace apprenticeship utilization rate to the department and the
8 appropriate committees of the legislature annually beginning October
9 1, 2024.

10 (5) The department of labor and industries shall determine
11 aerospace apprenticeship utilization rates under this section based
12 on the framework developed under section 5 of this act and using
13 occupational data reported to the department of labor and industries
14 and/or the employment security department. For data reported to the
15 department of labor and industries, the department of labor and
16 industries shall determine the form and manner in which occupational
17 data is reported, consistent with the framework developed under
18 section 5 of this act, and may adopt rules to ensure full
19 participation within the industry necessary to implement the
20 requirements of this section. The department of labor and industries,
21 consulting with the department of revenue, may also require
22 additional information on the annual tax performance report under RCW
23 82.32.534. The department of labor and industries may adopt rules to
24 ensure full participation within the industry and necessary to
25 implement the requirements of this section.

26 (6) For the purposes of this section, the following definitions
27 apply.

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

33 (b) "Qualified apprenticeable workforce" means all occupations
34 approved by the Washington state apprenticeship and training council
35 according to chapter 49.04 RCW directly applicable to the production
36 of commercial aircraft.

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

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

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

8 (b) Monitor the progress of a significant commercial airplane
9 manufacturer, as defined in section 4 of this act, and the aerospace
10 industry as a whole in achieving the apprenticeship utilization
11 levels established in section 4 of this act;

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

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

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

22 (b) Two members must be from a Washington aerospace industry
23 business, only one of which must be from a significant commercial
24 airplane manufacturer;

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

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

28 (e) One representative from the workforce training and education
29 coordinating board;

30 (f) The state trade representative or the representative's
31 designee;

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

34 (h) One member from each of the two largest caucuses of the house
35 of representatives, as appointed by the speaker of the house of
36 representatives; and

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

1 NEW SECTION. **Sec. 6.** This act is necessary for the immediate
2 preservation of the public peace, health, or safety, or support of
3 the state government and its existing public institutions, and takes
4 effect immediately.

--- **END** ---