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ENGROSSED SENATE BILL 6690

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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.

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