
SUBSTITUTE SENATE BILL 5251

State of Washington

67th Legislature

2021 Regular Session

By Senate Ways & Means (originally sponsored by Senators Schoesler, Brown, Dozier, Gildon, Honeyford, King, and Rolfes)

READ FIRST TIME 02/12/21.

1 AN ACT Relating to modifying tax and revenue laws in a manner
2 that is not estimated to affect state or local tax collections, by
3 easing compliance burdens for taxpayers, clarifying ambiguities,
4 making technical corrections, and providing administrative
5 efficiencies; amending RCW 54.28.040, 54.28.055, 82.04.051,
6 82.04.220, 82.04.2404, 82.04.260, 82.04.261, 82.04.2907, 82.08.0531,
7 82.08.956, 82.08.9651, 82.08.9999, 82.12.010, 82.12.956, 82.12.9651,
8 82.14.532, 82.29A.090, 82.32.330, 82.32.534, 82.32.805, 84.40.130,
9 84.52.0531, 84.52.080, and 84.36.385; reenacting and amending RCW
10 79.64.110; adding a new section to chapter 82.32 RCW; and repealing
11 RCW 82.25.045.

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

13 **Sec. 1.** RCW 54.28.040 and 2017 c 323 s 103 are each amended to
14 read as follows:

15 (1) Before May 1st of each calendar year through calendar year
16 2018, the department of revenue must compute the tax imposed by this
17 chapter for the last preceding calendar year and notify the district
18 of the amount thereof, which shall be payable on or before the
19 following June 1st.

20 (2) For tax reporting periods beginning on or after January 1,
21 2018, taxpayers must report the taxes due under RCW 54.28.020 and

1 54.28.025 on returns as prescribed by the department of revenue.
2 Except as otherwise provided in this subsection (2), taxes imposed in
3 RCW 54.28.020 and 54.28.025 are due for a taxpayer at the same time
4 as the taxpayer's payment of taxes imposed under chapters 82.04 and
5 82.16 RCW. The department of revenue may allow taxpayers to report
6 and pay the taxes due under RCW 54.28.020 and 54.28.025 on an annual
7 basis, even if they report taxes imposed under chapters 82.04 and
8 82.16 RCW more frequently than annually. In such cases, the taxes
9 imposed in RCW 54.28.020 and 54.28.025 are due (~~(at the same time as~~
10 ~~the taxes under chapters 82.04 and 82.16 RCW for the taxpayer's final~~
11 ~~reporting period for the calendar year)) on or before February 25th
12 of the year immediately following the end of the year for which the
13 taxes are being reported and paid.~~

14 (3) The department of revenue may require persons to report such
15 information as needed by the department to administer this chapter.

16 (4) (a) Upon receipt of the amount of each tax imposed the
17 department of revenue shall deposit the same with the state
18 treasurer, who must deposit four percent of the revenues received
19 under RCW 54.28.020(1) and 54.28.025(1) and all revenues received
20 under RCW 54.28.020(2) and 54.28.025(2) in the general fund of the
21 state and must distribute the remainder in the manner hereinafter set
22 forth. The state treasurer must send a duplicate copy of each
23 transmittal to the department of revenue.

24 (b) The state treasurer must distribute the taxes collected by
25 the department under this chapter monthly at the same time
26 distributions of local sales and use taxes are made in accordance
27 with chapter 82.14 RCW.

28 **Sec. 2.** RCW 54.28.055 and 2017 3rd sp.s. c 28 s 502 are each
29 amended to read as follows:

30 (1) Except as provided in subsection (3) of this section, the
31 department of revenue must instruct the state treasurer to distribute
32 the amount collected under RCW 54.28.025(1) (~~(on the first business~~
33 ~~day of July)) as follows:~~

34 (a) Fifty percent to the state general fund for the support of
35 schools; and

36 (b) Twenty-two percent to the counties, twenty-three percent to
37 the cities, three percent to the fire protection districts, and two
38 percent to the library districts.

1 (2) Each county, city, fire protection district, and library
2 district must receive a percentage of the amount for distribution to
3 counties, cities, fire protection districts, and library districts,
4 respectively, in the proportion that the population of such district
5 residing within the impacted area bears to the total population of
6 all such districts residing within the impacted area. For the
7 purposes of this chapter, the term "library district" includes only
8 regional libraries, rural county library districts, intercounty rural
9 library districts, and island library districts as those terms are
10 defined in RCW 27.12.010. The population of a library district, for
11 purposes of such a distribution, does not include any population
12 within the library district and the impact area that also is located
13 within a city or town.

14 (3) Distributions under this section must be adjusted as follows:

15 (a) If any distribution pursuant to subsection (1)(b) of this
16 section cannot be made, then that share must be prorated among the
17 state and remaining local districts.

18 (b) The department of revenue must instruct the state treasurer
19 to adjust distributions under this section, in whole or in part, to
20 account for each county's, city's, fire protection district's, and
21 library district's proportionate share of amounts previously
22 distributed under this section and subsequently refunded to a public
23 utility district under RCW 82.32.060.

24 (4) All distributions directed by this section to be made on the
25 basis of population must be calculated in accordance with population
26 data as last determined by the office of financial management.

27 **Sec. 3.** RCW 79.64.110 and 2019 c 415 s 985 and 2019 c 309 s 1
28 are each reenacted and amended to read as follows:

29 (1) Any moneys derived from the lease of state forestlands or
30 from the sale of valuable materials, oils, gases, coal, minerals, or
31 fossils from those lands, except as provided in RCW 79.64.130, or the
32 appraised value of these resources when transferred to a public
33 agency under RCW 79.22.060, except as provided in RCW 79.22.060(4),
34 must be distributed as follows:

35 (a) For state forestlands acquired through RCW 79.22.040 or by
36 exchange for lands acquired through RCW 79.22.040:

37 (i) The expense incurred by the state for administration,
38 reforestation, and protection, not to exceed twenty-five percent,
39 which rate of percentage shall be determined by the board, must be

1 returned to the forest development account created in RCW 79.64.100.
2 During the 2017-2019 and 2019-2021 fiscal biennia, the board may
3 increase the twenty-five percent limitation up to twenty-seven
4 percent.

5 (ii) Any balance remaining must be paid to the county in which
6 the land is located or, for counties participating in a land pool
7 created under RCW 79.22.140, to each participating county
8 proportionate to its contribution of asset value to the land pool as
9 determined by the board. Payments made under this subsection are to
10 be paid, distributed, and prorated, except as otherwise provided in
11 this section, to the various funds in the same manner as general
12 taxes are paid and distributed during the year of payment. However,
13 in order to test county flexibility in distributing state forestland
14 revenue, a county may in its discretion pay, distribute, and prorate
15 payments made under this subsection of moneys derived from state
16 forestlands acquired by exchange between July 28, 2019, and June 30,
17 2020, for lands acquired through RCW 79.22.040, within the same
18 county, in the same manner as general taxes are paid and distributed
19 during the year of payment for the former state forestlands that were
20 subject to the exchange.

21 (iii) Any balance remaining, paid to a county with a population
22 of less than sixteen thousand, must first be applied to the reduction
23 of any indebtedness existing in the current expense fund of the
24 county during the year of payment.

25 (iv) With regard to moneys remaining under this subsection
26 (1)(a), within seven working days of receipt of these moneys, the
27 department shall certify to the state treasurer the amounts to be
28 distributed to the counties. The state treasurer shall distribute
29 funds to the counties four times per month, with no more than ten
30 days between each payment date.

31 (b) For state forestlands acquired through RCW 79.22.010 or by
32 exchange for lands acquired through RCW 79.22.010, except as provided
33 in RCW 79.64.120:

34 (i) Fifty percent shall be placed in the forest development
35 account.

36 (ii) Fifty percent shall be prorated and distributed to the state
37 general fund, to be dedicated for the benefit of the public schools,
38 to the county in which the land is located or, for counties
39 participating in a land pool created under RCW 79.22.140, to each
40 participating county proportionate to its contribution of asset value

1 to the land pool as determined by the board, and according to the
2 relative proportions of tax levies of all taxing districts in the
3 county. The portion to be distributed to the state general fund shall
4 be based on the regular school levy rate under RCW 84.52.065 (1) and
5 (2) and the levy rate for any (~~maintenance and operation special~~)
6 school district enrichment levies. With regard to the portion to be
7 distributed to the counties, the department shall certify to the
8 state treasurer the amounts to be distributed within seven working
9 days of receipt of the money. The state treasurer shall distribute
10 funds to the counties four times per month, with no more than ten
11 days between each payment date. The money distributed to the county
12 must be paid, distributed, and prorated to the various other funds in
13 the same manner as general taxes are paid and distributed during the
14 year of payment.

15 (2) A school district may transfer amounts deposited in its debt
16 service fund pursuant to this section into its capital projects fund
17 as authorized in RCW 28A.320.330.

18 **Sec. 4.** RCW 82.04.051 and 2020 c 109 s 2 are each amended to
19 read as follows:

20 (1) As used in RCW 82.04.050 and including for the purposes of
21 the taxes imposed in chapter 82.08 RCW in addition to the taxes
22 imposed in this chapter, the term "services rendered in respect to"
23 means, in the context of constructing, building, repairing,
24 improving, and decorating buildings or other structures, those
25 services that are directly related to the constructing, building,
26 repairing, improving, and decorating of buildings or other structures
27 and that are performed by a person who is responsible for the
28 performance of the constructing, building, repairing, improving, or
29 decorating activity. The term does not include services such as
30 engineering, architectural, surveying, flagging, accounting, legal,
31 consulting, land development or management, or administrative
32 services provided to the consumer of, or person responsible for
33 performing, the constructing, building, repairing, improving, or
34 decorating services.

35 (2) A contract or agreement under which a person is responsible
36 for both services that would otherwise be subject to tax as a service
37 under RCW 82.04.290(2) and also constructing, building, repairing,
38 improving, or decorating activities that would otherwise be subject
39 to tax under another section of this chapter is subject to the tax

1 that applies to the predominant activity under the contract or
2 agreement.

3 (3) Unless otherwise provided by law, a contract or agreement
4 under which a person is responsible for activities that are subject
5 to tax as a service under RCW 82.04.290(2), and a subsequent contract
6 or agreement under which the same person is responsible for
7 constructing, building, repairing, improving, or decorating
8 activities subject to tax under another section of this chapter,
9 shall not be combined and taxed as a single activity if at the time
10 of the first contract or agreement it was not contemplated by the
11 parties, as evidenced by the facts, that the same person would be
12 awarded both contracts.

13 (4) The definitions in this subsection apply throughout this
14 section unless the context clearly requires otherwise.

15 (a) "Land development or management" means site identification,
16 zoning, permitting, and other preconstruction regulatory services
17 provided to the consumer of the constructing, building, repairing,
18 improving, or decorating services. This includes, but is not limited
19 to, acting as an owner's representative during any design or
20 construction period, including recommending a contractor, monitoring
21 the budget and schedule, approving invoices, and interacting on the
22 behalf of the consumer with the person who has control over the work
23 itself or responsible for the performance of the work.

24 (b) "Responsible for the performance" means that the person is
25 obligated to perform the activities, either personally or through a
26 third party. A person who reviews work for a consumer, retailer, or
27 wholesaler but does not supervise or direct the work is not
28 responsible for the performance of the work. A person who is
29 financially obligated for the work, such as a bank, but who does not
30 have control over the work itself is not responsible for the
31 performance of the work.

32 **Sec. 5.** RCW 82.04.220 and 2019 c 8 s 103 are each amended to
33 read as follows:

34 (1) There is levied and collected from every person that has a
35 substantial nexus with this state, as provided in RCW 82.04.067, a
36 tax for the act or privilege of engaging in business activities. The
37 tax is measured by the application of rates against value of
38 products, gross proceeds of sales, or gross income of the business,
39 as the case may be.

1 (2) (a) A person who establishes or reestablishes a substantial
2 nexus with this state ~~((in))~~ after the first day of the current
3 calendar year under the provisions of RCW 82.04.067 is subject to the
4 tax imposed under this chapter for the current calendar year only on
5 business activity occurring on and after the date that the person
6 established or reestablished a substantial nexus with this state in
7 the current calendar year. ~~((This subsection does not apply to a
8 person who also had a substantial nexus with this state))~~

9 (b) The provisions of (a) of this subsection do not apply to a
10 person who met any of the criteria in RCW 82.04.067(1) (a) through
11 (c) during the immediately preceding calendar year ~~((under RCW~~
12 ~~82.04.067))~~, and such person is taxable under this chapter for the
13 current calendar year in its entirety.

14 **Sec. 6.** RCW 82.04.2404 and 2017 3rd sp.s. c 37 s 503 are each
15 amended to read as follows:

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

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

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

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

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

36 ~~(b) The person is subject to a review under section 501(4) (a),~~
37 ~~chapter 37, Laws of 2017 3rd sp. sess. and such person does not meet~~
38 ~~performance criteria in section 501(4) (a), chapter 37, Laws of 2017~~
39 ~~3rd sp. sess)).~~

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

2 **Sec. 7.** RCW 82.04.260 and 2020 c 165 s 3 are each amended to
3 read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 (5) (a) Upon every person engaging within this state in the
12 business of acting as a travel agent or tour operator and whose
13 annual taxable amount for the prior calendar year from such business
14 was two hundred fifty thousand dollars or less; as to such persons
15 the amount of the tax with respect to such activities is equal to the
16 gross income derived from such activities multiplied by the rate of
17 0.275 percent.

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

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

32 (7) Upon every person engaging within this state in the business
33 of stevedoring and associated activities pertinent to the movement of
34 goods and commodities in waterborne interstate or foreign commerce;
35 as to such persons the amount of tax with respect to such business is
36 equal to the gross proceeds derived from such activities multiplied
37 by the rate of 0.275 percent. Persons subject to taxation under this
38 subsection are exempt from payment of taxes imposed by chapter 82.16
39 RCW for that portion of their business subject to taxation under this
40 subsection. Stevedoring and associated activities pertinent to the

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

21 (8) (a) Upon every person engaging within this state in the
22 business of disposing of low-level waste, as defined in RCW
23 (~~(43.145.010)~~) 70A.380.010; as to such persons the amount of the tax
24 with respect to such business is equal to the gross income of the
25 business, excluding any fees imposed under chapter (~~43.200~~) 70A.384
26 RCW, multiplied by the rate of 3.3 percent.

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

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

37 (10) Upon every person engaging within this state in business as
38 a hospital, as defined in chapter 70.41 RCW, that is operated as a
39 nonprofit corporation or by the state or any of its political
40 subdivisions, as to such persons, the amount of tax with respect to

1 such activities is equal to the gross income of the business
2 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5
3 percent thereafter.

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

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

15 (ii) 0.2904 percent beginning July 1, 2007, through March 31,
16 2020; and

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

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

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

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

35 (A) The rate under RCW 82.04.250(1) on the business of making
36 retail sales of tooling specifically designed for use in
37 manufacturing commercial airplanes or components of such airplanes;
38 and

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

1 (c) For the purposes of this subsection (11), "commercial
2 airplane" and "component" have the same meanings as provided in RCW
3 82.32.550.

4 (d)(i) In addition to all other requirements under this title, a
5 person reporting under the tax rate provided in this subsection (11)
6 must file a complete annual tax performance report with the
7 department under RCW 82.32.534. However, this requirement does not
8 apply to persons reporting under the tax rate in (a)(iii) of this
9 subsection (11), so long as that rate remains 0.484 percent, or under
10 any of the tax rates in (b)(ii)(A) and (B) of this subsection (11),
11 so long as those tax rates remain the rate imposed pursuant to RCW
12 82.04.250(1) and 0.484 percent, respectively.

13 (ii) Nothing in (d)(i) of this subsection (11) may be construed
14 as affecting the obligation of a person reporting under a tax rate
15 provided in this subsection (11) to file a complete annual tax
16 performance report with the department under RCW 82.32.534: (A)
17 Pursuant to another provision of this title as a result of claiming a
18 tax credit or exemption; or (B) pursuant to (d)(i) of this subsection
19 (11) as a result of claiming the tax rates in (a)(ii) or (b)(i) of
20 this subsection (11) for periods ending before April 1, 2020.

21 (e)(i) After March 31, 2021, the tax rates under (a)(iii) and
22 (b)(ii) of this subsection (11) must be reduced to 0.357 percent
23 provided the conditions in RCW 82.04.2602 are met. The effective date
24 of the rates authorized under this subsection (11)(e) must occur on
25 the first day of the next calendar quarter that is at least sixty
26 days after the department receives the last of the two written
27 notices pursuant to RCW 82.04.2602 (3) and (4).

28 (ii) Both a significant commercial airplane manufacturer
29 separately and the rest of the aerospace industry as a whole,
30 receiving the rate of 0.357 percent under this subsection (11)(e) are
31 subject to the aerospace apprenticeship utilization rates required
32 under RCW 49.04.220 by April 1, 2026, or five years after the
33 effective date of the 0.357 percent rate authorized under this
34 subsection (11)(e), whichever is later, as determined by the
35 department of labor and industries.

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

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

1 (ii) With respect to the manufacturing of commercial airplanes or
2 making sales, at retail or wholesale, of commercial airplanes, this
3 subsection (11) does not apply on and after July 1st of the year in
4 which the department makes a determination that any final assembly or
5 wing assembly of any version or variant of a commercial airplane that
6 is the basis of a siting of a significant commercial airplane
7 manufacturing program in the state under RCW 82.32.850 has been sited
8 outside the state of Washington. This subsection (11)(f)(ii) only
9 applies to the manufacturing or sale of commercial airplanes that are
10 the basis of a siting of a significant commercial airplane
11 manufacturing program in the state under RCW 82.32.850. This
12 subsection (11)(f)(ii) continues to apply during the time that a
13 person is subject to the tax rate in (a)(iii) of this subsection
14 (11).

15 (g) For the purposes of this subsection, "a significant
16 commercial airplane manufacturer" means a manufacturer of commercial
17 airplanes with at least fifty thousand full-time employees in
18 Washington as of January 1, 2021.

19 (12)(a) Until July 1, 2045, upon every person engaging within
20 this state in the business of extracting timber or extracting for
21 hire timber; as to such persons the amount of tax with respect to the
22 business is, in the case of extractors, equal to the value of
23 products, including by-products, extracted, or in the case of
24 extractors for hire, equal to the gross income of the business,
25 multiplied by the rate of 0.4235 percent from July 1, 2006, through
26 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
27 2045.

28 (b) Until July 1, 2045, upon every person engaging within this
29 state in the business of manufacturing or processing for hire: (i)
30 Timber into timber products or wood products; (ii) timber products
31 into other timber products or wood products; or (iii) products
32 defined in RCW 19.27.570(1); as to such persons the amount of the tax
33 with respect to the business is, in the case of manufacturers, equal
34 to the value of products, including by-products, manufactured, or in
35 the case of processors for hire, equal to the gross income of the
36 business, multiplied by the rate of 0.4235 percent from July 1, 2006,
37 through June 30, 2007, and 0.2904 percent from July 1, 2007, through
38 June 30, 2045.

39 (c) Until July 1, 2045, upon every person engaging within this
40 state in the business of selling at wholesale: (i) Timber extracted

1 by that person; (ii) timber products manufactured by that person from
2 timber or other timber products; (iii) wood products manufactured by
3 that person from timber or timber products; or (iv) products defined
4 in RCW 19.27.570(1) manufactured by that person; as to such persons
5 the amount of the tax with respect to the business is equal to the
6 gross proceeds of sales of the timber, timber products, wood
7 products, or products defined in RCW 19.27.570(1) multiplied by the
8 rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and
9 0.2904 percent from July 1, 2007, through June 30, 2045.

10 (d) Until July 1, 2045, upon every person engaging within this
11 state in the business of selling standing timber; as to such persons
12 the amount of the tax with respect to the business is equal to the
13 gross income of the business multiplied by the rate of 0.2904
14 percent. For purposes of this subsection (12)(d), "selling standing
15 timber" means the sale of timber apart from the land, where the buyer
16 is required to sever the timber within thirty months from the date of
17 the original contract, regardless of the method of payment for the
18 timber and whether title to the timber transfers before, upon, or
19 after severance.

20 (e) For purposes of this subsection, the following definitions
21 apply:

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

26 (ii) "Paper and paper products" means products made of interwoven
27 cellulosic fibers held together largely by hydrogen bonding. "Paper
28 and paper products" includes newsprint; office, printing, fine, and
29 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
30 kraft bag, construction, and other kraft industrial papers;
31 paperboard, liquid packaging containers, containerboard, corrugated,
32 and solid-fiber containers including linerboard and corrugated
33 medium; and related types of cellulosic products containing
34 primarily, by weight or volume, cellulosic materials. "Paper and
35 paper products" does not include books, newspapers, magazines,
36 periodicals, and other printed publications, advertising materials,
37 calendars, and similar types of printed materials.

38 (iii) "Recycled paper" means paper and paper products having
39 fifty percent or more of their fiber content that comes from
40 postconsumer waste. For purposes of this subsection (12)(e)(iii),

1 "postconsumer waste" means a finished material that would normally be
2 disposed of as solid waste, having completed its life cycle as a
3 consumer item.

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

8 (v) "Timber products" means:

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

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

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

16 (vi) "Wood products" means paper and paper products; dimensional
17 lumber; engineered wood products such as particleboard, oriented
18 strand board, medium density fiberboard, and plywood; wood doors;
19 wood windows; and biocomposite surface products.

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

24 (g) Nothing in this subsection (12) may be construed to affect
25 the taxation of any activity defined as a retail sale in RCW
26 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW
27 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

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

33 (14)(a) Upon every person engaging within this state in the
34 business of printing a newspaper, publishing a newspaper, or both,
35 the amount of tax on such business is equal to the gross income of
36 the business multiplied by the rate of 0.35 percent until July 1,
37 2024, and 0.484 percent thereafter.

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

1 **Sec. 8.** RCW 82.04.261 and 2019 c 336 s 5 are each amended to
2 read as follows:

3 (1) In addition to the taxes imposed under RCW 82.04.260(12), a
4 surcharge is imposed on those persons who are subject to any of the
5 taxes imposed under RCW 82.04.260(12). Except as otherwise provided
6 in this section, the surcharge is equal to 0.052 percent. The
7 surcharge is added to the rates provided in RCW 82.04.260(12) (a),
8 (b), (c), and (d).

9 (2) All receipts from the surcharge imposed under this section
10 must be deposited into the forest and fish support account created in
11 RCW 76.09.405, with any receipts above eight million dollars per
12 biennium specifically used as additional funding for tribal
13 participation grants.

14 (3)(a) The surcharge imposed under this section is suspended if:

15 (i) Before July 1, 2024, receipts from the surcharge total at
16 least eight million five hundred thousand dollars during any fiscal
17 biennium;

18 (ii) Between July 1, 2024, (~~and July~~) through June 30, 2029,
19 receipts from the surcharge total at least nine million dollars
20 during any fiscal biennium; and

21 (iii) After (~~July~~) June 30, 2029, the receipts from the
22 surcharge total at least nine million five hundred thousand dollars
23 during any fiscal biennium.

24 (b) The suspension of the surcharge under this subsection (3)
25 takes effect on the first day of the calendar month that is at least
26 thirty days after the end of the month during which the department
27 determines that receipts from the surcharge total the values
28 specified in this subsection (3) during the fiscal biennium. The
29 surcharge is imposed again at the beginning of the following fiscal
30 biennium.

31 (4) This section expires July 1, 2045.

32 **Sec. 9.** RCW 82.04.2907 and 2015 3rd sp.s. c 5 s 101 are each
33 amended to read as follows:

34 (1) Upon every person engaging within this state in the business
35 of receiving income from royalties, the amount of tax with respect to
36 the business is equal to the gross income from royalties multiplied
37 by the rate (~~(provided in RCW 82.04.290(2)(a))~~) of 1.5 percent.

38 (2) For the purposes of this section, "gross income from
39 royalties" means compensation for the use of intangible property,

1 including charges in the nature of royalties, regardless of where the
2 intangible property will be used. For purposes of this subsection,
3 "intangible property" includes copyrights, patents, licenses,
4 franchises, trademarks, trade names, and similar items. "Gross income
5 from royalties" does not include compensation for any natural
6 resource, the licensing of prewritten computer software to the end
7 user, or the licensing of digital goods, digital codes, or digital
8 automated services to the end user as defined in RCW 82.04.190(11).

9 **Sec. 10.** RCW 82.08.0531 and 2019 c 8 s 201 are each amended to
10 read as follows:

11 (1) For purposes of this chapter and chapters 82.04 and 82.12
12 RCW, a marketplace facilitator is deemed to be an agent of any
13 marketplace seller making retail sales through the marketplace
14 facilitator's marketplace.

15 (2) Beginning October 1, 2018, marketplace facilitators subject
16 to a tax collection obligation under RCW 82.08.052 (1) or (2) must
17 collect and remit to the department retail sales tax on all taxable
18 retail sales made or facilitated by the marketplace facilitator,
19 whether in its own right or as an agent of a marketplace seller,
20 regardless of whether the marketplace seller is subject to a tax
21 collection obligation under RCW 82.08.052 (1) or (2). Beginning
22 January 1, 2020, the collection obligation of a marketplace
23 facilitator under this chapter also applies to any other taxes and
24 fees, as defined under RCW 82.02.260, that are imposed on a retail
25 sale made or facilitated by the marketplace facilitator, whether in
26 its own right or as an agent of a marketplace seller, regardless of
27 whether the marketplace seller has a tax collection obligation under
28 RCW 82.08.052 (1) or (2).

29 (3) In addition to other applicable recordkeeping requirements,
30 the department may require a marketplace facilitator to provide or
31 make available to the department any information the department
32 determines is reasonably necessary to enforce the provisions of this
33 chapter and chapter 82.13 RCW. Such information may include
34 documentation of sales made by marketplace sellers through the
35 marketplace facilitator's marketplace . The department may prescribe
36 by rule the form and manner for providing this information.

37 (4)(a) Beginning July 1, 2019, to ensure that marketplace sellers
38 have the necessary information to timely and accurately file their
39 excise tax returns with the department pursuant to RCW 82.32.045, a

1 marketplace facilitator must, at a minimum, provide each of its
2 marketplace sellers with access, through a written report or other
3 means, to gross sales information for all Washington sales made as an
4 agent of the marketplace seller under this section during the
5 immediately preceding month. Marketplace facilitators must provide
6 such access within fifteen calendar days following the end of each
7 month.

8 (b) If a marketplace seller does not receive the gross sales
9 information for all Washington sales through a marketplace
10 facilitator, as required under (a) of this subsection (4), the
11 marketplace seller may determine its business and occupation tax
12 liability under chapter 82.04 RCW based on a reasonable method of
13 estimating Washington sales as may be required or approved by the
14 department.

15 (c) For purposes of this subsection, "Washington sales" means any
16 sale sourced to this state under RCW 82.32.730, regardless of whether
17 the sale is a retail sale.

18 (5) If a marketplace facilitator has fully complied with the
19 requirements of subsection (4)(a) of this section, the marketplace
20 facilitator is relieved of liability under this chapter and chapter
21 82.12 RCW for failure to collect the correct amount of tax to the
22 extent that the marketplace facilitator can show to the department's
23 satisfaction that the error was due to incorrect information given to
24 the marketplace facilitator by the marketplace seller, unless the
25 marketplace facilitator and marketplace seller are affiliated
26 persons. Where the marketplace facilitator is relieved of liability
27 under this subsection (5), the marketplace seller is solely liable
28 for the amount of uncollected tax due.

29 (6)(a) Subject to the limits in (b) and (c) of this subsection
30 (6), a marketplace facilitator that has fully complied with the
31 requirements of subsection (4)(a) of this section is relieved of
32 liability under this chapter and chapter 82.12 RCW for the failure to
33 collect tax on taxable retail sales to the extent that the
34 marketplace facilitator can show to the department's satisfaction
35 that:

36 (i) The taxable retail sale was made through the marketplace
37 facilitator's marketplace;

38 (ii) The taxable retail sale was made solely as the agent of a
39 marketplace seller, and the marketplace facilitator and marketplace
40 seller are not affiliated persons; and

1 (iii) The failure to collect sales tax was not due to an error in
2 sourcing the sale under RCW 82.32.730.

3 (b) Liability relief for a marketplace facilitator under (a) of
4 this subsection (6) for a calendar year is limited as follows:

5 (i) For calendar year 2018, the liability relief may not exceed
6 ten percent of the total tax due under this chapter and chapter 82.12
7 RCW on taxable retail sales facilitated by the marketplace
8 facilitator as agent of a marketplace seller and sourced to this
9 state under RCW 82.32.730 during the same calendar year.

10 (ii) For calendar year 2019, the liability relief may not exceed
11 five percent of the total tax due under this chapter and chapter
12 82.12 RCW on taxable retail sales by the marketplace facilitator as
13 agent of a marketplace seller and sourced to this state under RCW
14 82.32.730 during the same calendar year.

15 (iii) The provisions of this subsection (6) do not apply to
16 retail sales made after December 31, 2019.

17 (c) For purposes of this subsection (6), a retail sale is deemed
18 to be facilitated by a marketplace facilitator when the marketplace
19 facilitator either:

20 (i) Accepts the order for the product;

21 (ii) Communicates to the marketplace seller the buyer's offer to
22 purchase the product;

23 (iii) Accepts the buyer's payment for the product; or

24 (iv) Delivers or arranges for delivery of the product.

25 (d) Where the marketplace facilitator (~~(or referrer)~~) is relieved
26 of liability under this subsection (6), the marketplace seller is
27 also relieved of liability for the amount of uncollected tax due,
28 subject to the limitations in subsection (7) of this section.

29 (e) The department may by rule determine the manner in which a
30 taxpayer may claim the liability relief provided under this
31 subsection.

32 (7) Except as otherwise provided in this section, a marketplace
33 seller obligated to collect the taxes imposed under this chapter and
34 chapter 82.12 RCW is not required to collect such taxes on all
35 taxable retail sales through a marketplace operated by a marketplace
36 facilitator if the marketplace seller has obtained documentation from
37 the marketplace facilitator indicating that the marketplace
38 facilitator is registered with the department and will collect all
39 applicable taxes due under this chapter and chapter 82.12 RCW on all
40 taxable retail sales made on behalf of the marketplace seller through

1 the marketplace operated by the marketplace facilitator . The
2 documentation required by this subsection (7) must be provided in a
3 form and manner prescribed by or acceptable to the department. This
4 subsection (7) does not relieve a marketplace seller from liability
5 for uncollected taxes due under this chapter or chapter 82.12 RCW
6 resulting from a marketplace facilitator's failure to collect the
7 proper amount of tax due when the error was due to incorrect
8 information given to the marketplace facilitator by the marketplace
9 seller.

10 (8) No class action may be brought against a marketplace
11 facilitator in any court of this state on behalf of purchasers
12 arising from or in any way related to an overpayment of sales or use
13 tax collected by the marketplace facilitator, regardless of whether
14 that claim is characterized as a tax refund claim. Nothing in this
15 subsection affects a purchaser's right to seek a refund from the
16 department as provided under chapter 82.32 RCW.

17 (9) Nothing in this section affects the obligation of any
18 purchaser to remit sales or use tax and any other applicable taxes
19 and fees, as to any applicable taxable transaction in which the
20 seller or the seller's agent does not collect and remit sales tax.

21 **Sec. 11.** RCW 82.08.956 and 2013 2nd sp.s. c 13 s 1002 are each
22 amended to read as follows:

23 (1) The tax levied by RCW 82.08.020 does not apply to sales of
24 hog fuel used to produce electricity, steam, heat, or biofuel. This
25 exemption is available only if the buyer provides the seller with an
26 exemption certificate in a form and manner prescribed by the
27 department. The seller must retain a copy of the certificate for the
28 seller's files.

29 (2) For the purposes of this section the following definitions
30 apply:

31 (a) "Hog fuel" means wood waste and other wood residuals
32 including forest derived biomass. "Hog fuel" does not include
33 firewood or wood pellets; and

34 (b) "Biofuel" (~~has the same meaning as provided in RCW~~
35 ~~43.325.010~~) means a liquid or gaseous fuel derived from organic
36 matter intended for use as a transportation fuel including, but not
37 limited to, biodiesel, renewable diesel, ethanol, renewable natural
38 gas, and renewable propane.

1 (3) If a taxpayer who claimed an exemption under this section
2 closes a facility in Washington for which employment positions were
3 reported under RCW 82.32.605, resulting in a loss of jobs located
4 within the state, the department must declare the amount of the tax
5 exemption claimed under this section for the previous two calendar
6 years to be immediately due.

7 (4) This section expires June 30, 2024.

8 **Sec. 12.** RCW 82.08.9651 and 2020 c 139 s 17 are each amended to
9 read as follows:

10 (1) The tax levied by RCW 82.08.020 does not apply to sales of
11 gases and chemicals used by a manufacturer or processor for hire in
12 the production of semiconductor materials. This exemption is limited
13 to gases and chemicals used in the production process to grow the
14 product, deposit or grow permanent or sacrificial layers on the
15 product, to etch or remove material from the product, to anneal the
16 product, to immerse the product, to clean the product, and other such
17 uses whereby the gases and chemicals come into direct contact with
18 the product during the production process, or uses of gases and
19 chemicals to clean the chambers and other like equipment in which
20 such processing takes place. For the purposes of this section,
21 "semiconductor materials" has the meaning provided in RCW 82.04.2404
22 and 82.04.294(3).

23 (2) A person claiming the exemption under this section must file
24 a complete annual tax performance report with the department under
25 RCW 82.32.534.

26 (3) No application is necessary for the tax exemption. The person
27 is subject to all of the requirements of chapter 82.32 RCW.

28 (4) Any person who has claimed the exemption under this section
29 must reimburse the department for fifty percent of the amount of the
30 tax preference under this section, if((÷

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

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

39 (5) This section expires December 1, 2028.

1 **Sec. 13.** RCW 82.08.9999 and 2019 c 287 s 9 are each amended to
2 read as follows:

3 (1) Beginning August 1, 2019, with sales made or lease agreements
4 signed on or after the qualification period start date:

5 (a) The tax levied by RCW 82.08.020 does not apply as provided in
6 (b) of this subsection to sales or leases of new or used passenger
7 cars, light duty trucks, and medium duty passenger vehicles that:

8 (i) Are exclusively powered by a clean alternative fuel; or

9 (ii) Use at least one method of propulsion that is capable of
10 being reenergized by an external source of electricity and are
11 capable of traveling at least thirty miles using only battery power;
12 and

13 (iii)(A) Have a vehicle selling price plus trade-in property of
14 like kind for purchased vehicles that:

15 (I) For a vehicle that is a new vehicle at the time of the
16 purchase date or the date the lease agreement was signed, does not
17 exceed forty-five thousand dollars; or

18 (II) For a vehicle that is a used vehicle at the time of the
19 purchase date or the date the lease agreement was signed, does not
20 exceed thirty thousand dollars; or

21 (B) Have a fair market value at the inception of the lease for
22 leased vehicles that:

23 (I) For a vehicle that is a new vehicle at the time of the
24 purchase date or the date the lease agreement was signed, does not
25 exceed forty-five thousand dollars; or

26 (II) For a vehicle that is a used vehicle at the time of the
27 purchase date or the date the lease agreement was signed, does not
28 exceed thirty thousand dollars;

29 (b)(i) The exemption in this section is applicable for up to the
30 amounts specified in (b)(ii) or (iii) of this subsection of:

31 (A) The total amount of the vehicle's selling price, for sales
32 made; or

33 (B) The total lease payments made plus any additional selling
34 price of the leased vehicle if the original lessee purchases the
35 leased vehicle before the qualification period end date, for lease
36 agreements signed.

37 (ii) Based on the purchase date or the date the lease agreement
38 was signed of the vehicle if the vehicle is a new vehicle at the time
39 of the purchase date or the date the lease agreement was signed:

1 (A) From the qualification period start date until July 31, 2021,
2 the maximum amount eligible under (b)(i) of this subsection is
3 twenty-five thousand dollars;

4 (B) From August 1, 2021, until July 31, 2023, the maximum amount
5 eligible under (b)(i) of this subsection is twenty thousand dollars;

6 (C) From August 1, 2023, until July 31, 2025, the maximum amount
7 eligible under (b)(i) of this subsection is fifteen thousand dollars.

8 (iii) If the vehicle is a used vehicle at the time of the
9 purchase date or the date the lease agreement was signed, the maximum
10 amount eligible under (b)(i) of this subsection is sixteen thousand
11 dollars.

12 (2) The seller must keep records necessary for the department to
13 verify eligibility under this section. A person claiming the
14 exemption must also submit itemized information to the department for
15 all vehicles for which an exemption is claimed that must include the
16 following: Vehicle make; vehicle model; model year; whether the
17 vehicle has been sold or leased; date of sale or start date of lease;
18 length of lease; sales price for purchased vehicles and fair market
19 value at the inception of the lease for leased vehicles; and the
20 total amount qualifying for the incentive claimed for each vehicle,
21 in addition to the future monthly amount to be claimed for each
22 leased vehicle. This information must be provided in a form and
23 manner prescribed by the department.

24 (3)(a) The department of licensing must maintain and publish a
25 list of all vehicle models qualifying for the tax exemptions under
26 this section or RCW 82.12.9999 until the expiration date of this
27 section, and is authorized to issue final rulings on vehicle model
28 qualification for these criteria. A seller is not responsible for
29 repayment of the tax exemption under this section and RCW 82.12.9999
30 for a vehicle if the department of licensing's published list of
31 qualifying vehicle models on the purchase date or the date the lease
32 agreement was signed includes the vehicle model and the department of
33 licensing subsequently removes the vehicle model from the published
34 list, and, if applicable, the vehicle meets the qualifying criterion
35 under subsection (1)(a)(iii)(B) of this section and RCW
36 82.12.9999(1)(a)(iii)(B).

37 (b) The department of revenue retains responsibility for
38 determining whether a vehicle meets the applicable qualifying
39 criterion under subsection (1)(a)(iii)(B) of this section and RCW
40 82.12.9999(1)(a)(iii)(B).

1 (4) On the last day of January, April, July, and October of each
2 year, the state treasurer, based upon information provided by the
3 department, must transfer from the electric vehicle account to the
4 general fund a sum equal to the dollar amount that would otherwise
5 have been deposited into the general fund during the prior calendar
6 quarter but for the exemption provided in this section. Information
7 provided by the department to the state treasurer must be based on
8 the best available data, except that the department may provide
9 estimates of taxes exempted under this section until such time as
10 retailers are able to report such exempted amounts on their tax
11 returns.

12 (5) By the last day of October 2019, and every six months
13 thereafter until this section expires, based on the best available
14 data, the department must report the following information to the
15 transportation committees of the legislature: The cumulative number
16 of vehicles that qualified for the exemption under this section and
17 RCW 82.12.9999 by month of purchase or lease start and vehicle make
18 and model; the dollar amount of all state retail sales and use taxes
19 exempted on or after the qualification period start date, under this
20 section and RCW 82.12.9999; and estimates of the future costs of
21 leased vehicles that qualified for the exemption under this section
22 and RCW 82.12.9999.

23 (6) The definitions in this subsection apply throughout this
24 section unless the context clearly requires otherwise.

25 (a) "Clean alternative fuel" means natural gas, propane,
26 hydrogen, or electricity, when used as a fuel in a motor vehicle that
27 meets the California motor vehicle emission standards in Title 13 of
28 the California Code of Regulations, effective January 1, 2019, and
29 the rules of the Washington state department of ecology.

30 (b) "Fair market value" has the same meaning as "value of the
31 article used" in RCW 82.12.010.

32 (c) "New vehicle" has the same meaning as "new motor vehicle" in
33 RCW 46.04.358.

34 (d) "Qualification period end date" means August 1, 2025.

35 (e) "Qualification period start date" means (~~July 28~~) August 1,
36 2019.

37 (f) "Used vehicle" has the same meaning as in RCW 46.04.660.

38 (7)(a) Sales of vehicles delivered to the buyer or leased
39 vehicles for which the lease agreement was signed after the

1 qualification period end date do not qualify for the exemption under
2 this section.

3 (b) All leased vehicles that qualified for the exemption under
4 this section before the qualification period end date must continue
5 to receive the exemption as described under subsection (1)(b) of this
6 section on any lease payments due through the remainder of the lease
7 before August 1, 2028.

8 (8) This section expires August 1, 2028.

9 (9) This section is supported by the revenues generated in RCW
10 46.17.324, and therefore takes effect only if RCW 46.17.324 is
11 enacted by June 30, 2019.

12 **Sec. 14.** RCW 82.12.010 and 2017 c 323 s 519 are each amended to
13 read as follows:

14 For the purposes of this chapter:

15 (1) The meaning ascribed to words and phrases in chapters 82.04
16 and 82.08 RCW, insofar as applicable, has full force and effect with
17 respect to taxes imposed under the provisions of this chapter.
18 "Consumer," in addition to the meaning ascribed to it in chapters
19 82.04 and 82.08 RCW insofar as applicable, also means any person who
20 distributes or displays, or causes to be distributed or displayed,
21 any article of tangible personal property, except newspapers, the
22 primary purpose of which is to promote the sale of products or
23 services. With respect to property distributed to persons within this
24 state by a consumer as defined in this subsection (1), the use of the
25 property is deemed to be by such consumer.

26 (2) "Extended warranty" has the same meaning as in RCW
27 82.04.050(7).

28 (3) "Purchase price" means the same as sales price as defined in
29 RCW 82.08.010.

30 (4)(a)(i) Except as provided in (a)(ii) of this subsection (4),
31 "retailer" means every seller as defined in RCW 82.08.010 and every
32 person engaged in the business of selling tangible personal property
33 at retail and every person required to collect from purchasers the
34 tax imposed under this chapter.

35 (ii) "Retailer" does not include a professional employer
36 organization when a covered employee coemployed with the client under
37 the terms of a professional employer agreement engages in activities
38 that constitute a sale of tangible personal property, extended
39 warranty, digital good, digital code, or a sale of any digital

1 automated service or service defined as a retail sale in RCW
2 82.04.050 (2) (a) or (g) or (6) (c) that is subject to the tax imposed
3 by this chapter. In such cases, the client, and not the professional
4 employer organization, is deemed to be the retailer and is
5 responsible for collecting and remitting the tax imposed by this
6 chapter.

7 (b) For the purposes of (a) of this subsection, the terms
8 "client," "covered employee," "professional employer agreement," and
9 "professional employer organization" have the same meanings as in RCW
10 82.04.540.

11 (5) "Taxpayer" and "purchaser" include all persons included
12 within the meaning of the word "buyer" and the word "consumer" as
13 defined in chapters 82.04 and 82.08 RCW.

14 (6) "Use," "used," "using," or "put to use" have their ordinary
15 meaning, and mean:

16 (a) With respect to tangible personal property, except (~~for~~
17 ~~natural gas and manufactured gas~~) as otherwise provided in this
18 subsection (6), the first act within this state by which the taxpayer
19 takes or assumes dominion or control over the article of tangible
20 personal property (as a consumer), and include installation, storage,
21 withdrawal from storage, distribution, or any other act preparatory
22 to subsequent actual use or consumption within this state;

23 (b) With respect to a service defined in RCW 82.04.050(2)(a), the
24 first act within this state after the service has been performed by
25 which the taxpayer takes or assumes dominion or control over the
26 article of tangible personal property upon which the service was
27 performed (as a consumer), and includes installation, storage,
28 withdrawal from storage, distribution, or any other act preparatory
29 to subsequent actual use or consumption of the article within this
30 state;

31 (c) With respect to an extended warranty, the first act within
32 this state after the extended warranty has been acquired by which the
33 taxpayer takes or assumes dominion or control over the article of
34 tangible personal property to which the extended warranty applies,
35 and includes installation, storage, withdrawal from storage,
36 distribution, or any other act preparatory to subsequent actual use
37 or consumption of the article within this state;

38 (d) With respect to a digital good or digital code, the first act
39 within this state by which the taxpayer, as a consumer, views,

1 accesses, downloads, possesses, stores, opens, manipulates, or
2 otherwise uses or enjoys the digital good or digital code;

3 (e) With respect to a digital automated service, the first act
4 within this state by which the taxpayer, as a consumer, uses, enjoys,
5 or otherwise receives the benefit of the service;

6 (f) With respect to a service defined as a retail sale in RCW
7 82.04.050(6)(c), the first act within this state by which the
8 taxpayer, as a consumer, accesses the prewritten computer software;

9 (g) With respect to a service defined as a retail sale in RCW
10 82.04.050(2)(g), the first act within this state after the service
11 has been performed by which the taxpayer, as a consumer, views,
12 accesses, downloads, possesses, stores, opens, manipulates, or
13 otherwise uses or enjoys the digital good upon which the service was
14 performed; (~~and~~)

15 (h) With respect to natural gas or manufactured gas, the use of
16 which is taxable under RCW 82.12.022, including gas that is also
17 taxable under the authority of RCW 82.14.230, the first act within
18 this state by which the taxpayer consumes the gas by burning the gas
19 or storing the gas in the taxpayer's own facilities for later
20 consumption by the taxpayer; and

21 (i) With respect to tangible personal property identified under
22 RCW 82.32.730 (4) and (7) (a), (b), and (c), the first act within
23 this state after the property arrives at its usual location by which
24 the taxpayer exercises dominion or control over the property as a
25 consumer, including any of the activities described in (a) of this
26 subsection. For purposes of this subsection (6)(i), "usual location"
27 means the place where the property, when in this state, is primarily
28 hangered, moored, anchored, garaged, or otherwise kept.

29 (7)(a) "Value of the article used" is the purchase price for the
30 article of tangible personal property, the use of which is taxable
31 under this chapter. The term also includes, in addition to the
32 purchase price, the amount of any tariff or duty paid with respect to
33 the importation of the article used. In case the article used is
34 acquired by lease or by gift or is extracted, produced, or
35 manufactured by the person using the same or is sold under conditions
36 wherein the purchase price does not represent the true value thereof,
37 the value of the article used is determined as nearly as possible
38 according to the retail selling price at place of use of similar
39 products of like quality and character under such rules as the
40 department may prescribe.

1 (b) In case the articles used are acquired by bailment, the value
2 of the use of the articles so used must be in an amount representing
3 a reasonable rental for the use of the articles so bailed, determined
4 as nearly as possible according to the value of such use at the
5 places of use of similar products of like quality and character under
6 such rules as the department of revenue may prescribe. In case any
7 such articles of tangible personal property are used in respect to
8 the construction, repairing, decorating, or improving of, and which
9 become or are to become an ingredient or component of, new or
10 existing buildings or other structures under, upon, or above real
11 property of or for the United States, any instrumentality thereof, or
12 a county or city housing authority created pursuant to chapter 35.82
13 RCW, including the installing or attaching of any such articles
14 therein or thereto, whether or not such personal property becomes a
15 part of the realty by virtue of installation, then the value of the
16 use of such articles so used is determined according to the retail
17 selling price of such articles, or in the absence of such a selling
18 price, as nearly as possible according to the retail selling price at
19 place of use of similar products of like quality and character or, in
20 the absence of either of these selling price measures, such value may
21 be determined upon a cost basis, in any event under such rules as the
22 department of revenue may prescribe.

23 (c) In the case of articles owned by a user engaged in business
24 outside the state which are brought into the state for no more than
25 one hundred eighty days in any period of three hundred sixty-five
26 consecutive days and which are temporarily used for business purposes
27 by the person in this state, the value of the article used must be an
28 amount representing a reasonable rental for the use of the articles,
29 unless the person has paid tax under this chapter or chapter 82.08
30 RCW upon the full value of the article used, as defined in (a) of
31 this subsection.

32 (d) In the case of articles manufactured or produced by the user
33 and used in the manufacture or production of products sold or to be
34 sold to the department of defense of the United States, the value of
35 the articles used is determined according to the value of the
36 ingredients of such articles.

37 (e) In the case of an article manufactured or produced for
38 purposes of serving as a prototype for the development of a new or
39 improved product, the value of the article used is determined by: (i)
40 The retail selling price of such new or improved product when first

1 offered for sale; or (ii) the value of materials incorporated into
2 the prototype in cases in which the new or improved product is not
3 offered for sale.

4 (f) In the case of an article purchased with a direct pay permit
5 under RCW 82.32.087, the value of the article used is determined by
6 the purchase price of such article if, but for the use of the direct
7 pay permit, the transaction would have been subject to sales tax.

8 (8) "Value of the digital good or digital code used" means the
9 purchase price for the digital good or digital code, the use of which
10 is taxable under this chapter. If the digital good or digital code is
11 acquired other than by purchase, the value of the digital good or
12 digital code must be determined as nearly as possible according to
13 the retail selling price at place of use of similar digital goods or
14 digital codes of like quality and character under rules the
15 department may prescribe.

16 (9) "Value of the extended warranty used" means the purchase
17 price for the extended warranty, the use of which is taxable under
18 this chapter. If the extended warranty is received by gift or under
19 conditions wherein the purchase price does not represent the true
20 value of the extended warranty, the value of the extended warranty
21 used is determined as nearly as possible according to the retail
22 selling price at place of use of similar extended warranties of like
23 quality and character under rules the department may prescribe.

24 (10) "Value of the service used" means the purchase price for the
25 digital automated service or other service, the use of which is
26 taxable under this chapter. If the service is received by gift or
27 under conditions wherein the purchase price does not represent the
28 true value thereof, the value of the service used is determined as
29 nearly as possible according to the retail selling price at place of
30 use of similar services of like quality and character under rules the
31 department may prescribe.

32 **Sec. 15.** RCW 82.12.956 and 2013 2nd sp.s. c 13 s 1003 are each
33 amended to read as follows:

34 (1) The provisions of this chapter do not apply with respect to
35 the use of hog fuel for production of electricity, steam, heat, or
36 biofuel.

37 (2) For the purposes of this section:

38 (a) "Hog fuel" has the same meaning as provided in RCW 82.08.956;
39 and

1 (b) "Biofuel" has the same meaning as provided in RCW
2 ((43.325.010)) 82.08.956.

3 (3) This section expires June 30, 2024.

4 **Sec. 16.** RCW 82.12.9651 and 2020 c 139 s 22 are each amended to
5 read as follows:

6 (1) The provisions of this chapter do not apply with respect to
7 the use of gases and chemicals used by a manufacturer or processor
8 for hire in the production of semiconductor materials. This exemption
9 is limited to gases and chemicals used in the production process to
10 grow the product, deposit or grow permanent or sacrificial layers on
11 the product, to etch or remove material from the product, to anneal
12 the product, to immerse the product, to clean the product, and other
13 such uses whereby the gases and chemicals come into direct contact
14 with the product during the production process, or uses of gases and
15 chemicals to clean the chambers and other like equipment in which
16 such processing takes place. For purposes of this section,
17 "semiconductor materials" has the meaning provided in RCW 82.04.2404
18 and 82.04.294(3).

19 (2) A person claiming the exemption under this section must file
20 a complete annual tax performance report with the department under
21 RCW 82.32.534.

22 (3) No application is necessary for the tax exemption. The person
23 is subject to all of the requirements of chapter 82.32 RCW.

24 (4) Any person who has claimed the exemption under this section
25 must reimburse the department for fifty percent of the amount of the
26 tax preference under this section, if((÷

27 ~~(a) The~~) the number of persons employed by the person claiming
28 the tax preference is less than ninety percent of the person's three-
29 year employment average for the three years immediately preceding the
30 year in which the exemption is claimed((÷~~or~~

31 ~~(b) The person is subject to a review under section 501(4)(a),~~
32 ~~chapter 37, Laws of 2017 3rd sp. sess. and such person does not meet~~
33 ~~performance criteria in section 501(4)(a), chapter 37, Laws of 2017~~
34 ~~3rd sp. sess)).~~

35 (5) This section expires December 1, 2028.

36 **Sec. 17.** RCW 82.14.532 and 2019 c 273 s 11 are each amended to
37 read as follows:

1 (1) Subject to the requirements of chapter 35.107 RCW and RCW
2 81.104.170, a project is eligible for a sales and use tax remittance
3 under the authority of this chapter on:

4 (a) The sale of or charge made for labor and services rendered in
5 respect to construction or rehabilitation of a qualifying project
6 located in a city; and

7 (b) The sales or use of tangible personal property that will be
8 incorporated as an ingredient or component of a qualifying project
9 located in a city during the course of the constructing or
10 rehabilitating.

11 (2)(a) A qualifying project owner claiming a remittance under
12 this section must pay all applicable state and local sales and use
13 taxes imposed or authorized under RCW 82.08.020, 82.12.020, and this
14 chapter on all purchases and uses qualifying for the remittance.

15 (b) The amount of the remittance is one hundred percent of the
16 local sales and use taxes paid (~~(under an ordinance enacted under the~~
17 ~~authority of this chapter for purchases or uses qualifying under~~
18 ~~subsection (1) of this section, if the~~) on purchases and uses
19 qualifying under subsection (1) of this section, with respect to
20 taxes imposed by the city and any other taxing authorities (~~(imposing~~
21 ~~taxes under the authority of this chapter)~~) that have authorized the
22 use of the remittance (~~(to the city legislative authority)~~) as
23 provided under RCW (~~(35.107.050)~~) 35.107.040. A city authorizing a
24 remittance under this subsection must notify the department of an
25 approved qualifying project within 60 days of the city's approval of
26 the project. Such notice must include the information required under
27 RCW 35.107.040(2) (a) through (c).

28 (3) After the qualifying project has been operationally complete
29 for eighteen months, but not more than thirty-six months, and after
30 all state and local sales and use taxes for purchases and uses
31 qualifying under subsection (1) of this section have been paid, a
32 qualifying project owner who submits an application for a building
33 permit for that qualifying project prior to July 1, 2027, may apply
34 to the department for a remittance of local sales and use taxes.

35 (4) A qualifying project owner requesting a remittance under this
36 section must obtain certification from the governing authority of a
37 city verifying that the qualifying project has satisfied the criteria
38 in RCW 35.107.050.

39 (5) A qualifying project owner must specify the amount of
40 exempted tax claimed and the qualifying purchases or uses for which

1 the exemption is claimed. The qualifying project owner must retain,
2 in adequate detail, records to enable the department to determine
3 whether the qualifying project owner is entitled to an exemption
4 under this section, including invoices, proof of tax paid, and
5 construction contracts.

6 (6) The department must determine eligibility under this section
7 based on information provided by the qualifying project owner, which
8 is subject to audit verification by the department.

9 (7) (a) A person otherwise eligible for a remittance under this
10 section that transfers the ownership of the qualifying project before
11 the requirements in subsection (3) of this section are met may assign
12 the right to the remittance under this section to the subsequent
13 owner of the qualifying project.

14 (b) Persons applying for the remittance as an assignee must
15 provide the department the following documentation in a form and
16 manner as provided by the department:

17 (i) The agreement that transfers the right to the remittance to
18 the assignee;

19 (ii) Proof of payment of sales and use tax on the qualifying
20 project; and

21 (iii) Any other documentation the department requires.

22 (8) The definitions in RCW 35.107.020 apply to this section.

23 **Sec. 18.** RCW 82.29A.090 and 2002 c 177 s 1 are each amended to
24 read as follows:

25 (1) (~~Bimonthly~~) Monthly the state treasurer (~~shall~~) must make
26 distribution from the local leasehold excise tax account to the
27 counties and cities the amount of tax collected on behalf of each
28 county or city.

29 (2) (~~Earnings accrued through July 31, 2002, shall be disbursed~~
30 ~~to counties and cities proportionate to the amount of tax collected~~
31 ~~annually on behalf of each county or city.~~

32 (~~3) After July 31, 2002, bimonthly~~) Monthly the state treasurer
33 (~~shall~~) must disburse earnings from the local leasehold excise tax
34 account to the counties or cities proportionate to the amount of tax
35 collected on behalf of each county or city.

36 (~~4~~) (3) The state treasurer shall make the distribution under
37 this section without appropriation.

1 NEW SECTION. **Sec. 19.** A new section is added to chapter 82.32
2 RCW to read as follows:

3 (1) The repeal, expiration, or amendment of a law imposing a tax,
4 or any penalty or interest on a tax, does not extinguish or otherwise
5 affect a taxpayer's liability for payment of such tax, penalty, or
6 interest, where such liability accrued before the effective date of
7 such repeal, expiration, or amendment, unless a contrary intention is
8 clearly expressed in law.

9 (2) The repeal, expiration, or amendment of a law providing a tax
10 preference or relief from a tax, penalty, or interest obligation,
11 does not extinguish or otherwise affect a taxpayer's entitlement to
12 claim such tax preference or relief from tax, penalty, or interest,
13 for taxes, penalties, and interest accruing before the effective date
14 of such repeal, expiration, or amendment, unless a contrary intention
15 is clearly expressed in law.

16 (3) The department may not assess use tax against a taxpayer
17 receiving the benefit of a use tax exemption solely by reason of the
18 expiration or repeal of that use tax exemption, unless a contrary
19 intention is clearly expressed in law.

20 (4) For purposes of this section, the following definitions
21 apply:

22 (a) "Liability" means that the obligation for payment of a tax,
23 penalty, or interest has been incurred by a taxpayer, regardless of
24 when the tax, penalty, or interest is payable or whether the amount
25 due has been established.

26 (b) "Tax" has the same meaning as in RCW 82.32.020.

27 (c) "Tax preference" means an exemption, exclusion, or deduction
28 from the base of a tax; a credit against a tax; a deferral of a tax;
29 or a preferential tax rate.

30 (d) "Use tax" means the state use tax imposed under chapter 82.12
31 RCW, including the tax imposed under RCW 82.12.022, and any
32 associated local use tax imposed under the authority of RCW
33 81.104.170, chapter 82.14 RCW, or other provision of state law.

34 **Sec. 20.** RCW 82.32.330 and 2011 c 174 s 404 are each amended to
35 read as follows:

36 (1) For purposes of this section:

37 (a) "Disclose" means to make known to any person in any manner
38 whatever a return or tax information;

1 (b) "Return" means a tax or information return or claim for
2 refund required by, or provided for or permitted under, the laws of
3 this state which is filed with the department of revenue by, on
4 behalf of, or with respect to a person, and any amendment or
5 supplement thereto, including supporting schedules, attachments, or
6 lists that are supplemental to, or part of, the return so filed;

7 (c) "Tax information" means (i) a taxpayer's identity, (ii) the
8 nature, source, or amount of the taxpayer's income, payments,
9 receipts, deductions, exemptions, credits, assets, liabilities, net
10 worth, tax liability deficiencies, overassessments, or tax payments,
11 whether taken from the taxpayer's books and records or any other
12 source, (iii) whether the taxpayer's return was, is being, or will be
13 examined or subject to other investigation or processing, (iv) a part
14 of a written determination that is not designated as a precedent and
15 disclosed pursuant to RCW 82.32.410, or a background file document
16 relating to a written determination, and (v) other data received by,
17 recorded by, prepared by, furnished to, or collected by the
18 department of revenue with respect to the determination of the
19 existence, or possible existence, of liability, or the amount
20 thereof, of a person under the laws of this state for a tax, penalty,
21 interest, fine, forfeiture, or other imposition, or offense. However,
22 data, material, or documents that do not disclose information related
23 to a specific or identifiable taxpayer do not constitute tax
24 information under this section. Except as provided by RCW 82.32.410,
25 nothing in this chapter requires any person possessing data,
26 material, or documents made confidential and privileged by this
27 section to delete information from such data, material, or documents
28 so as to permit its disclosure;

29 (d) "State agency" means every Washington state office,
30 department, division, bureau, board, commission, or other state
31 agency;

32 (e) "Taxpayer identity" means the taxpayer's name, address,
33 telephone number, registration number, or any combination thereof, or
34 any other information disclosing the identity of the taxpayer; and

35 (f) "Department" means the department of revenue or its officer,
36 agent, employee, or representative.

37 (2) Returns and tax information are confidential and privileged,
38 and except as authorized by this section, neither the department of
39 revenue nor any other person may disclose any return or tax
40 information.

1 (3) This section does not prohibit the department of revenue
2 from:

3 (a) Disclosing such return or tax information in a civil or
4 criminal judicial proceeding or an administrative proceeding:

5 (i) In respect of any tax imposed under the laws of this state if
6 the taxpayer or its officer or other person liable under this title
7 or chapter 83.100 RCW is a party in the proceeding;

8 (ii) In which the taxpayer about whom such return or tax
9 information is sought and another state agency are adverse parties in
10 the proceeding; or

11 (iii) Brought by the department under RCW 18.27.040 or 19.28.071;

12 (b) Disclosing, subject to such requirements and conditions as
13 the director prescribes by rules adopted pursuant to chapter 34.05
14 RCW, such return or tax information regarding a taxpayer to such
15 taxpayer or to such person or persons as that taxpayer may designate
16 in a request for, or consent to, such disclosure, or to any other
17 person, at the taxpayer's request, to the extent necessary to comply
18 with a request for information or assistance made by the taxpayer to
19 such other person. However, tax information not received from the
20 taxpayer must not be so disclosed if the director determines that
21 such disclosure would compromise any investigation or litigation by
22 any federal, state, or local government agency in connection with the
23 civil or criminal liability of the taxpayer or another person, or
24 that such disclosure would identify a confidential informant, or that
25 such disclosure is contrary to any agreement entered into by the
26 department that provides for the reciprocal exchange of information
27 with other government agencies which agreement requires
28 confidentiality with respect to such information unless such
29 information is required to be disclosed to the taxpayer by the order
30 of any court;

31 (c) Disclosing the name of a taxpayer against whom a warrant
32 under RCW 82.32.210 has been either issued or filed and remains
33 outstanding for a period of at least ten working days. The department
34 is not required to disclose any information under this subsection if
35 a taxpayer has entered a deferred payment arrangement with the
36 department for the payment of a warrant that has not been filed and
37 is making payments upon such deficiency that will fully satisfy the
38 indebtedness within twelve months;

39 (d) Publishing statistics so classified as to prevent the
40 identification of particular returns or reports or items thereof;

1 (e) Disclosing such return or tax information, for official
2 purposes only, to the governor or attorney general, or to any state
3 agency, or to any committee or subcommittee of the legislature
4 dealing with matters of taxation, revenue, trade, commerce, the
5 control of industry or the professions;

6 (f) Permitting the department of revenue's records to be audited
7 and examined by the proper state officer, his or her agents and
8 employees;

9 (g) Disclosing any such return or tax information to a peace
10 officer as defined in RCW 9A.04.110 or county prosecuting attorney,
11 for official purposes. The disclosure may be made only in response to
12 a search warrant, subpoena, or other court order, unless the
13 disclosure is for the purpose of criminal tax enforcement. A peace
14 officer or county prosecuting attorney who receives the return or tax
15 information may disclose that return or tax information only for use
16 in the investigation and a related court proceeding, or in the court
17 proceeding for which the return or tax information originally was
18 sought;

19 (h) Disclosing any such return or tax information to the proper
20 officer of the internal revenue service of the United States, the
21 Canadian government or provincial governments of Canada, or to the
22 proper officer of the tax department of any state or city or town or
23 county, for official purposes, but only if the statutes of the United
24 States, Canada or its provincial governments, or of such other state
25 or city or town or county, as the case may be, grants substantially
26 similar privileges to the proper officers of this state;

27 (i) Disclosing any such return or tax information to the United
28 States department of justice, including the bureau of alcohol,
29 tobacco, firearms and explosives, the department of defense, the
30 immigration and customs enforcement and the customs and border
31 protection agencies of the United States department of homeland
32 security, the United States coast guard, the alcohol and tobacco tax
33 and trade bureau of the United States department of treasury, and the
34 United States department of transportation, or any authorized
35 representative of these federal agencies, for official purposes;

36 (j) Publishing or otherwise disclosing the text of a written
37 determination designated by the director as a precedent pursuant to
38 RCW 82.32.410;

39 (k) Disclosing, in a manner that is not associated with other tax
40 information, the taxpayer name, entity type, business address,

1 mailing address, revenue tax registration numbers, reseller permit
2 numbers and the expiration date and status of such permits, North
3 American industry classification system or standard industrial
4 classification code of a taxpayer, and the dates of opening and
5 closing of business. This subsection may not be construed as giving
6 authority to the department to give, sell, or provide access to any
7 list of taxpayers for any commercial purpose;

8 (l) Disclosing such return or tax information that is also
9 maintained by another Washington state or local governmental agency
10 as a public record available for inspection and copying under the
11 provisions of chapter 42.56 RCW or is ((a—document)) maintained by a
12 court of record and is not otherwise prohibited from disclosure;

13 (m) Disclosing such return or tax information to the United
14 States department of agriculture for the limited purpose of
15 investigating food stamp fraud by retailers;

16 (n) Disclosing to a financial institution, escrow company, or
17 title company, in connection with specific real property that is the
18 subject of a real estate transaction, current amounts due the
19 department for a filed tax warrant, judgment, or lien against the
20 real property;

21 (o) Disclosing to a person against whom the department has
22 asserted liability as a successor under RCW 82.32.140 return or tax
23 information pertaining to the specific business of the taxpayer to
24 which the person has succeeded;

25 (p) Disclosing real estate excise tax affidavit forms filed under
26 RCW 82.45.150 in the possession of the department, including real
27 estate excise tax affidavit forms for transactions exempt or
28 otherwise not subject to tax;

29 (q) Disclosing to local taxing jurisdictions the identity of
30 sellers granted relief under RCW 82.32.430(5)(b)(i) and the period
31 for which relief is granted;

32 (r) Disclosing such return or tax information to the court in
33 respect to the department's application for a subpoena under RCW
34 82.32.117;

35 (s) Disclosing to a person against whom the department has
36 asserted liability under RCW 83.100.120 return or tax information
37 pertaining to that person's liability for tax under chapter 83.100
38 RCW;

39 (t) Disclosing such return or tax information to the streamlined
40 sales tax governing board, member states of the streamlined sales tax

1 governing board, or authorized representatives of such board or
2 states, for the limited purposes of:

3 (i) Conducting on behalf of member states sales and use tax
4 audits of taxpayers; or

5 (ii) Auditing certified service providers or certified automated
6 systems providers; (~~(e)~~)

7 (u) Disclosing any such return or tax information when the
8 disclosure is specifically authorized under any other section of the
9 Revised Code of Washington;

10 (v) Disclosing to an individual to whom the department has issued
11 an assessment under RCW 82.32.145 for unpaid trust fund taxes of a
12 defunct or insolvent entity, return or tax information of that entity
13 pertaining to those unpaid trust fund taxes; or

14 (w) Disclosing any such return or tax information pursuant to a
15 federal grand jury subpoena or subpoena issued by a United States
16 attorney, only to be used in the criminal investigation and related
17 court proceedings, or in the court proceeding for which the return or
18 tax information originally was sought.

19 (4) (a) The department may disclose return or taxpayer information
20 to a person under investigation or during any court or administrative
21 proceeding against a person under investigation as provided in this
22 subsection (4). The disclosure must be in connection with the
23 department's official duties relating to an audit, collection
24 activity, or a civil or criminal investigation. The disclosure may
25 occur only when the person under investigation and the person in
26 possession of data, materials, or documents are parties to the return
27 or tax information to be disclosed. The department may disclose
28 return or tax information such as invoices, contracts, bills,
29 statements, resale or exemption certificates, or checks. However, the
30 department may not disclose general ledgers, sales or cash receipt
31 journals, check registers, accounts receivable/payable ledgers,
32 general journals, financial statements, expert's workpapers, income
33 tax returns, state tax returns, tax return workpapers, or other
34 similar data, materials, or documents.

35 (b) Before disclosure of any tax return or tax information under
36 this subsection (4), the department must, through written
37 correspondence, inform the person in possession of the data,
38 materials, or documents to be disclosed. The correspondence must
39 clearly identify the data, materials, or documents to be disclosed.
40 The department may not disclose any tax return or tax information

1 under this subsection (4) until the time period allowed in (c) of
2 this subsection has expired or until the court has ruled on any
3 challenge brought under (c) of this subsection.

4 (c) The person in possession of the data, materials, or documents
5 to be disclosed by the department has twenty days from the receipt of
6 the written request required under (b) of this subsection to petition
7 the superior court of the county in which the petitioner resides for
8 injunctive relief. The court must limit or deny the request of the
9 department if the court determines that:

10 (i) The data, materials, or documents sought for disclosure are
11 cumulative or duplicative, or are obtainable from some other source
12 that is more convenient, less burdensome, or less expensive;

13 (ii) The production of the data, materials, or documents sought
14 would be unduly burdensome or expensive, taking into account the
15 needs of the department, the amount in controversy, limitations on
16 the petitioner's resources, and the importance of the issues at
17 stake; or

18 (iii) The data, materials, or documents sought for disclosure
19 contain trade secret information that, if disclosed, could harm the
20 petitioner.

21 (d) The department must reimburse reasonable expenses for the
22 production of data, materials, or documents incurred by the person in
23 possession of the data, materials, or documents to be disclosed.

24 (e) Requesting information under (b) of this subsection that may
25 indicate that a taxpayer is under investigation does not constitute a
26 disclosure of tax return or tax information under this section.

27 (5) Service of a subpoena issued under RCW 82.32.117 does not
28 constitute a disclosure of return or tax information under this
29 section. Notwithstanding anything else to the contrary in this
30 section, a person served with a subpoena under RCW 82.32.117 may
31 disclose the existence or content of the subpoena to that person's
32 legal counsel.

33 (6) Any person acquiring knowledge of any return or tax
34 information in the course of his or her employment with the
35 department of revenue and any person acquiring knowledge of any
36 return or tax information as provided under subsection (3) (e), (f),
37 (g), (h), (i), ~~((e))~~ (m), (v), and (w) of this section, who
38 discloses any such return or tax information to another person not
39 entitled to knowledge of such return or tax information under the
40 provisions of this section, is guilty of a misdemeanor. If the person

1 guilty of such violation is an officer or employee of the state, such
2 person must forfeit such office or employment and is incapable of
3 holding any public office or employment in this state for a period of
4 two years thereafter.

5 **Sec. 21.** RCW 82.32.534 and 2017 c 135 s 1 are each amended to
6 read as follows:

7 (1)(a)(i) Beginning in calendar year 2018, every person claiming
8 a tax preference that requires an annual tax performance report under
9 this section must file a complete annual report with the department.
10 The report is due by May 31st of the year following any calendar year
11 in which a person becomes eligible to claim the tax preference that
12 requires a report under this section.

13 (ii) If the tax preference is a deferral of tax, the first annual
14 tax performance report must be filed by May 31st of the calendar year
15 following the calendar year in which the investment project is
16 certified by the department as operationally complete, and an annual
17 tax performance report must be filed by May 31st of each of the seven
18 succeeding calendar years.

19 (iii) The department may extend the due date for timely filing of
20 annual reports under this section as provided in RCW 82.32.590.

21 (b) The report must include information detailing employment and
22 wages for employment positions in Washington for the year that the
23 tax preference was claimed. However, persons engaged in manufacturing
24 commercial airplanes or components of such airplanes may report
25 employment(~~(r)~~) and wage(~~(r and benefit)~~) information per job at the
26 manufacturing site for the year that the tax preference was claimed.
27 The report must not include names of employees. The report must also
28 detail employment by the total number of full-time, part-time, and
29 temporary positions for the year that the tax preference was claimed.
30 In lieu of reporting employment and wage data required under this
31 subsection, taxpayers may instead opt to allow the employment
32 security department to release the same employment and wage
33 information from unemployment insurance records to the department and
34 the joint legislative audit and review committee. This option is
35 intended to reduce the reporting burden for taxpayers, and each
36 taxpayer electing to use this option must affirm that election in
37 accordance with procedures approved by the employment security
38 department.

1 (c) Persons receiving the benefit of the tax preference provided
2 by RCW 82.16.0421 or claiming any of the tax preferences provided by
3 RCW 82.04.2909, 82.04.4481, 82.08.805, 82.12.805, or 82.12.022(5)
4 must indicate on the annual report the quantity of product produced
5 in this state during the time period covered by the report.

6 (d) If a person filing a report under this section did not file a
7 report with the department in the previous calendar year, the report
8 filed under this section must also include employment((~~r~~)) and
9 wage((~~r~~and benefit)) information for the calendar year immediately
10 preceding the calendar year for which a tax preference was claimed.

11 (2) (a) As part of the annual report, the department and the joint
12 legislative audit and review committee may request additional
13 information necessary to measure the results of, or determine
14 eligibility for, the tax preference.

15 (b) The report must include the amount of the tax preference
16 claimed for the calendar year covered by the report. For a person
17 that claimed an exemption provided in RCW 82.08.025651 or
18 82.12.025651, the report must include the amount of tax exempted
19 under those sections in the prior calendar year for each general area
20 or category of research and development for which exempt machinery
21 and equipment and labor and services were acquired in the prior
22 calendar year.

23 (3) Other than information requested under subsection (2) (a) of
24 this section, the information contained in an annual report filed
25 under this section is not subject to the confidentiality provisions
26 of RCW 82.32.330 and may be disclosed to the public upon request.

27 (4) (a) Except as otherwise provided by law, if a person claims a
28 tax preference that requires an annual report under this section but
29 fails to submit a complete report by the due date or any extension
30 under RCW 82.32.590, the department must declare:

31 (i) Thirty-five percent of the amount of the tax preference
32 claimed for the previous calendar year to be immediately due and
33 payable;

34 (ii) An additional fifteen percent of the amount of the tax
35 preference claimed for the previous calendar year to be immediately
36 due and payable if the person has previously been assessed under this
37 subsection (4) for failure to submit a report under this section for
38 the same tax preference; and

39 (iii) If the tax preference is a deferral of tax, the amount
40 immediately due under this subsection is twelve and one-half percent

1 of the deferred tax. If the economic benefits of the deferral are
2 passed to a lessee, the lessee is responsible for payment to the
3 extent the lessee has received the economic benefit.

4 (b) The department may not assess interest or penalties on
5 amounts due under this subsection.

6 (5) The department must use the information from this section to
7 prepare summary descriptive statistics by category. No fewer than
8 three taxpayers may be included in any category. The department must
9 report these statistics to the legislature each year by December
10 31st.

11 (6) For the purposes of this section:

12 (a) "Person" has the meaning provided in RCW 82.04.030 and also
13 includes the state and its departments and institutions.

14 (b) "Tax preference" has the meaning provided in RCW 43.136.021
15 and includes only the tax preferences requiring a report under this
16 section.

17 **Sec. 22.** RCW 82.32.805 and 2020 c 139 s 57 are each amended to
18 read as follows:

19 (1)(a) Except as otherwise provided in this section, every new
20 tax preference expires on the first day of the calendar year that is
21 subsequent to the calendar year that is ten years from the effective
22 date of the tax preference. With respect to any new property tax
23 exemption, the exemption does not apply to taxes levied for
24 collection beginning in the calendar year that is subsequent to the
25 calendar year that is ten years from the effective date of the tax
26 preference.

27 (b) If a new tax preference applies to both a state tax and a
28 corresponding local tax that the department administers, such as a
29 state and local sales and use tax exemption, the expiration of that
30 new tax preference under this subsection applies to both the state
31 and local tax.

32 (c) A future amendment that expands a tax preference does not
33 extend the tax preference beyond the period provided in this
34 subsection unless an extension is expressly and unambiguously stated
35 in the amendment.

36 (2) Subsection (1) of this section does not apply if legislation
37 creating a new tax preference includes an expiration date for the new
38 tax preference or an exemption from this section in its entirety or

1 from the provisions of subsection (1) of this section, whether or not
2 such exemption is codified.

3 (3) Subsection (1) of this section does not apply to any existing
4 tax preference that is amended to clarify an ambiguity or correct a
5 technical inconsistency. Future enacted legislation intended to make
6 such clarifications or corrections must explicitly indicate this
7 intent.

8 (4) For the purposes of this section, the following definitions
9 apply:

10 (a) "New tax preference" means a tax preference that initially
11 takes effect after August 1, 2013, or a tax preference in effect as
12 of August 1, 2013, that is expanded or extended after August 1, 2013,
13 even if the expanding or extending amendment includes any other
14 change to the tax preference.

15 (b) "Tax preference" has the same meaning as in RCW 43.136.021
16 with respect to any state tax administered by the department, except
17 does not include the Washington estate and transfer tax in chapter
18 83.100 RCW.

19 (5) The department must provide written notice to the office of
20 the code reviser of a ten-year expiration date required under this
21 section for a new tax preference.

22 **Sec. 23.** RCW 84.40.130 and 2012 c 59 s 1 are each amended to
23 read as follows:

24 (1) If any person or corporation fails or refuses to deliver to
25 the assessor, on or before the date specified in RCW 84.40.040, a
26 list of the taxable personal property which is required to be listed
27 under this chapter, unless it is shown that such failure is due to
28 reasonable cause and not due to willful neglect, there must be added
29 to the amount of tax assessed against the taxpayer on account of such
30 personal property five percent of the amount of such tax, not to
31 exceed fifty dollars per calendar day, if the failure is for not more
32 than one month, with an additional five percent for each additional
33 month or fraction thereof during which such failure continues not
34 exceeding twenty-five percent in the aggregate. Such penalty must be
35 collected in the same manner as the tax to which it is added and
36 distributed in the same manner as other property tax interest and
37 penalties.

38 (2) If any person or corporation willfully gives a false or
39 fraudulent list, schedule or statement required by this chapter, or,

1 with intent to defraud, fails or refuses to deliver any list,
2 schedule or statement required by this chapter, such person or
3 corporation is liable for the additional tax properly due or, in the
4 case of willful failure or refusal to deliver such list, schedule or
5 statement, the total tax properly due; and in addition such person or
6 corporation is liable for a penalty of one hundred percent of such
7 additional tax or total tax as the case may be. Such penalty is in
8 lieu of the penalty provided for in subsection (1) of this section. A
9 person or corporation giving a false list, schedule or statement is
10 not subject to this penalty if it is shown that the
11 misrepresentations contained therein are entirely attributable to
12 reasonable cause. The taxes and penalties provided for in this
13 subsection must be recovered in an action in the name of the state of
14 Washington on the complaint of the county assessor or the county
15 legislative authority and must, when collected, be paid into the
16 county treasury to the credit of the current expense fund. The
17 provisions of this subsection are additional and supplementary to any
18 other provisions of law relating to recovery of property taxes.

19 ~~((3) (a) The county legislative authority may authorize the~~
20 ~~assessor to waive penalties otherwise due under this section for~~
21 ~~assessment years 2011 and prior for a person or corporation failing~~
22 ~~or refusing to deliver to the assessor a list of taxable personal~~
23 ~~property, if all of the following circumstances are met:~~

24 ~~(i) On or before July 1, 2012, the taxpayer files with the~~
25 ~~assessor:~~

26 ~~(A) A correct list and statement of the taxable personal property~~
27 ~~required to be listed under this chapter; and~~

28 ~~(B) A completed application for penalty waiver in the form and~~
29 ~~manner prescribed by the assessor; and~~

30 ~~(ii) On or before September 1, 2012, the taxpayer remits full~~
31 ~~payment to the county of the entire balance due on all tax~~
32 ~~liabilities for which a penalty waiver under this section is~~
33 ~~requested, other than the penalty amount eligible for waiver under~~
34 ~~this section.~~

35 ~~(b) A taxpayer receiving penalty relief under this subsection (3)~~
36 ~~may not seek a refund or otherwise challenge the amount of any tax~~
37 ~~liability paid under (a) (ii) of this subsection (3). Personal~~
38 ~~property listed under (a) (i) of this subsection (3) is subject to~~
39 ~~verification by the assessor, and any unreported or misreported~~

1 ~~property discovered by the assessor remains subject to taxes,~~
2 ~~penalties, and interest.))~~

3 **Sec. 24.** RCW 84.52.0531 and 2019 c 410 s 2 are each amended to
4 read as follows:

5 (1) Beginning with taxes levied for collection in 2020, the
6 maximum dollar amount which may be levied by or for any school
7 district for enrichment levies under RCW 84.52.053 is equal to the
8 lesser of two dollars and fifty cents per thousand dollars of the
9 assessed value of property in the school district or the maximum per-
10 pupil limit. This maximum dollar amount shall be reduced accordingly
11 as provided under RCW 43.09.2856(2).

12 (2) The definitions in this subsection apply to this section
13 unless the context clearly requires otherwise.

14 (a) For the purpose of this section, "inflation" means(~~(, for any~~
15 ~~school year, the rate of the yearly increase of the previous calendar~~
16 ~~year's annual average)) the percentage change in the seasonally
17 adjusted consumer price index for all urban consumers, Seattle area,
18 for the most recent 12-month period as of September 25th of the year
19 before the taxes are payable, using the official current base
20 compiled by the United States bureau of labor statistics(~~(, United~~
21 ~~States department of labor))~~.~~

22 (b) "Maximum per-pupil limit" means:

23 (i) Two thousand five hundred dollars, as increased by inflation
24 beginning with property taxes levied for collection in 2020,
25 multiplied by the number of average annual full-time equivalent
26 students enrolled in the school district in the prior school year,
27 for school districts with fewer than forty thousand annual full-time
28 equivalent students enrolled in the school district in the prior
29 school year; or

30 (ii) Three thousand dollars, as increased by inflation beginning
31 with property taxes levied for collection in 2020, multiplied by the
32 number of average annual full-time equivalent students enrolled in
33 the school district in the prior school year, for school districts
34 with forty thousand or more annual full-time equivalent students
35 enrolled in the school district in the prior school year.

36 (c) "Prior school year" means the most recent school year
37 completed prior to the year in which the levies are to be collected.

38 (3) For districts in a high/nonhigh relationship, the enrollments
39 of the nonhigh students attending the high school shall only be

1 counted by the nonhigh school districts for purposes of funding under
2 this section.

3 (4) For school districts participating in an innovation academy
4 cooperative established under RCW 28A.340.080, enrollments of
5 students attending the academy shall be adjusted so that each
6 participant district receives its proportional share of student
7 enrollments for purposes of funding under this section.

8 (5) Beginning with propositions for enrichment levies for
9 collection in calendar year 2020 and thereafter, a district must
10 receive approval of an enrichment levy expenditure plan under RCW
11 28A.505.240 before submission of the proposition to the voters.

12 (6) The superintendent of public instruction shall develop rules
13 and regulations and inform school districts of the pertinent data
14 necessary to carry out the provisions of this section.

15 (7) Beginning with taxes levied for collection in 2018,
16 enrichment levy revenues must be deposited in a separate subfund of
17 the school district's general fund pursuant to RCW 28A.320.330, and
18 for the 2018-19 school year are subject to the restrictions of RCW
19 28A.150.276 and the audit requirements of RCW 43.09.2856.

20 (8) Funds collected from levies for transportation vehicles,
21 construction, modernization, or remodeling of school facilities as
22 established in RCW 84.52.053 are not subject to the levy limitations
23 in subsections (1) through (5) of this section.

24 **Sec. 25.** RCW 84.52.080 and 2010 c 106 s 314 are each amended to
25 read as follows:

26 (1) The county assessor must extend the taxes upon the tax rolls
27 in the form prescribed in this section. The rate percent necessary to
28 raise the amounts of taxes levied for state and county purposes, and
29 for purposes of taxing districts coextensive with the county, must be
30 computed upon the assessed value of the property of the county. The
31 rate percent necessary to raise the amount of taxes levied for any
32 taxing district within the county must be computed upon the assessed
33 value of the property of the district. All taxes assessed against any
34 property must be added together and extended on the rolls in a column
35 headed consolidated or total tax. In extending any tax, whenever the
36 tax amounts to a fractional part of a cent greater than one-half of a
37 cent it must be rounded up to one cent, and whenever it amounts to
38 one-half of a cent or less it must be dropped. The amount of all
39 taxes must be entered in the proper columns, as shown by entering the

1 rate percent necessary to raise the consolidated or total tax and the
2 total tax assessed against the property.

3 (2) For the purpose of computing the rate necessary to raise the
4 amount of any excess levy in a taxing district entitled to a
5 distribution under RCW 84.33.081, other than the state, the county
6 assessor must add the district's timber assessed value, as defined in
7 RCW 84.33.035, to the assessed value of the property. However, for
8 school districts (~~(maintenance and operations)~~) enrichment levies,
9 only one-half of the district's timber assessed value or eighty
10 percent of the timber roll of the district in calendar year 1983 as
11 determined under chapter 84.33 RCW, whichever is greater, must be
12 added to the assessed value of the property.

13 (3) Upon the completion of such tax extension, it is the duty of
14 the county assessor to make in each assessment book, tax roll or list
15 a certificate in the following form:

16 I,, assessor of county, state of
17 Washington, do hereby certify that the foregoing is a
18 correct list of taxes levied on the real and personal
19 property in the county of for the year two
20 thousand

21 Witness my hand this day of, 20..

22, County Assessor

23 (4) The county assessor must deliver the tax rolls to the county
24 treasurer, on or before the fifteenth day of January, taking a
25 receipt from the treasurer. At the same time, the county assessor
26 must provide the county auditor with an abstract of the tax rolls
27 showing the total amount of taxes collectible in each of the taxing
28 districts.

29 **Sec. 26.** RCW 84.36.385 and 2020 c 209 s 2 are each amended to
30 read as follows:

31 (1) A claim for exemption under RCW 84.36.381 as now or hereafter
32 amended, may be made and filed at any time during the year for
33 exemption from taxes payable the following year and thereafter and
34 solely upon forms as prescribed and furnished by the department of
35 revenue. However, an exemption from tax under RCW 84.36.381 continues
36 for no more than six years unless a renewal application is filed as
37 provided in subsection (3) of this section.

1 (2) A person granted an exemption under RCW 84.36.381 must inform
2 the county assessor of any change in status affecting the person's
3 entitlement to the exemption on forms prescribed and furnished by the
4 department of revenue.

5 (3) Each person exempt from taxes under RCW 84.36.381 in 1993 and
6 thereafter must file with the county assessor a renewal application
7 not later than December 31st of the year the assessor notifies such
8 person of the requirement to file the renewal application. Renewal
9 applications must be on forms prescribed and furnished by the
10 department of revenue.

11 (4) At least once every six years, the county assessor must
12 notify those persons receiving an exemption from taxes under RCW
13 84.36.381 of the requirement to file a renewal application. The
14 county assessor may also require a renewal application following an
15 amendment of the income requirements set forth in RCW 84.36.381.

16 (5) If the assessor finds that the applicant does not meet the
17 qualifications as set forth in RCW 84.36.381, as now or hereafter
18 amended, the claim or exemption must be denied but such denial is
19 subject to appeal under the provisions of RCW 84.48.010 and in
20 accordance with the provisions of RCW 84.40.038. If the applicant had
21 received exemption in prior years based on erroneous information, the
22 taxes must be collected subject to penalties as provided in RCW
23 84.40.130 for a period of not to exceed five years.

24 (6) The department and each local assessor is hereby directed to
25 publicize the qualifications and manner of making claims under RCW
26 84.36.381 through 84.36.389, through communications media, including
27 such paid advertisements or notices as it deems appropriate. Notice
28 of the qualifications, method of making applications, the penalties
29 for not reporting a change in status, and availability of further
30 information must be included on or with property tax statements and
31 revaluation notices for all residential property including mobile
32 homes, except rental properties.

33 (7) The department must authorize an option for electronic filing
34 of applications and renewal applications for the exemption under RCW
35 84.36.381.

36 (8) Beginning August 1, 2019, and by March 1st every fifth year
37 thereafter, the department must publish updated income thresholds.
38 The adjusted thresholds must be rounded up to the nearest one
39 thousand dollars. If the income threshold adjustment is negative, the
40 income threshold for the prior year continues to apply. The

1 department must adjust income thresholds for each county to reflect
2 the most recent year available of estimated county median household
3 incomes, including preliminary estimates or projections, as published
4 by the office of financial management. For the purposes of this
5 subsection, "county median household income" has the same meaning as
6 provided in RCW 84.36.383.

7 (9) Beginning with the adjustment made by March 1, 2024, as
8 provided in subsection (8) of this section, and every second
9 adjustment thereafter, if an income threshold in a county is not
10 adjusted based on percentage of county median income, then the income
11 threshold must be adjusted based on the growth of the seasonally
12 adjusted consumer price index for all urban consumers (CPI-U) for the
13 prior twelve month period as published by the United States bureau of
14 labor statistics. In no case may the adjustment be greater than one
15 percent. The adjusted thresholds must be rounded to the nearest one
16 dollar. If the income threshold adjustment is negative, the income
17 threshold for the prior year continues to apply.

18 NEW SECTION. **Sec. 27.** RCW 82.25.045 (Shipped or transported
19 outside state—Tax credit) and 2019 c 445 s 109 are each repealed.

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