

**2SSB 5199 - S AMD 138**

By Senator Mullet

**ADOPTED 03/31/2023**

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that Washington  
4 state's local newspapers and online digital news publishers are  
5 important providers of journalism in their communities. Across the  
6 state and the country, local newspapers are vanishing at an alarming  
7 rate.

8 Since the advent of the internet, Washington state newspapers,  
9 large and small, have experienced severe financial losses that caused  
10 layoffs and reduced journalistic capacity. Between 2005 and 2020,  
11 Washington state newspapers lost 67 percent of their newsroom  
12 employees. Many print media organizations operate at a deficit due to  
13 disruption of traditional revenue streams and even the surviving  
14 legacy news organizations are cutting staff and circulation.  
15 Washington state has lost more than two dozen weeklies and three  
16 dailies since 2004. The decline of these journalistic institutions  
17 represents a threat to democracy, government accountability, and  
18 civic engagement.

19 A Portland State University study found that the loss of local  
20 journalism is correlated to a decline in civic engagement, both  
21 nationally and in Washington state, which includes contacting a  
22 public office to express an opinion, participating in school groups,  
23 community associations, or civic organizations, and serving on a  
24 committee of any group or organization.

25 The legislature finds that local journalism can help keep watch  
26 over health trends in the community by identifying and preventing  
27 disease. The legislature finds that rural and underserved communities  
28 are the hardest hit in the area of public health when newspapers  
29 decline.

30 The legislature finds that local journalism helps combat  
31 government corruption and holds powerful institutions accountable.  
32 Newspapers in Washington state have lobbied and editorialized for

1 open public records, and fought attempts to rein in frivolous  
2 requests, costing local and state governments millions of dollars  
3 each year.

4 Without legislative action, the current business and occupation  
5 tax preference for newspaper publishers will expire on July 1, 2024.

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

8 (1) This chapter does not apply to amounts received by any person  
9 for engaging in any of the following activities:

10 (a) Printing a newspaper, publishing a newspaper, or both; or

11 (b) Publishing eligible digital content by a person who reported  
12 under the printing and publishing tax classification for the  
13 reporting period that covers January 1, 2008, for engaging in  
14 printing and/or publishing a newspaper, as defined on January 1,  
15 2008.

16 (2) The exemption under this section must be reduced by an amount  
17 equal to the value of any expenditure made by the person during the  
18 tax reporting period. For purposes of this subsection, "expenditure"  
19 has the meaning provided in RCW 42.17A.005.

20 (3) If a person who is primarily engaged in printing a newspaper,  
21 publishing a newspaper, or publishing eligible digital content, or  
22 any combination of these activities, charges a single, nonvariable  
23 amount to advertise in, subscribe to, or access content in both a  
24 publication identified in subsection (1) of this section and another  
25 type of publication, the entire amount is exempt under this section.

26 (4) For purposes of this section, "eligible digital content"  
27 means a publication that:

28 (a) Is published at regularly stated intervals of at least once  
29 per month;

30 (b) Features written content, the largest category of which, as  
31 determined by word count, contains material that identifies the  
32 author or the original source of the material; and

33 (c) Is made available to readers exclusively in an electronic  
34 format.

35 (5) The exemption under this section applies only to persons  
36 primarily engaged in printing a newspaper, publishing a newspaper, or  
37 publishing eligible digital content, or any combination of these  
38 activities, unless these business activities were previously engaged

1 in by an affiliated person and were not the affiliated person's  
2 primary business activity.

3 (6) For purposes of this section, the following definitions  
4 apply:

5 (a) "Affiliated" has the same meaning as provided in RCW  
6 82.04.299.

7 (b) "Primarily" means, with respect to a business activity or  
8 combination of business activities of a taxpayer, more the 50 percent  
9 of the taxpayer's gross worldwide income from all business  
10 activities, whether subject to tax under this chapter or not, comes  
11 from such activity or activities.

12 **Sec. 3.** RCW 82.04.260 and 2022 c 16 s 140 are each amended to  
13 read as follows:

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

16 (a) Wheat into flour, barley into pearl barley, soybeans into  
17 soybean oil, canola into canola oil, canola meal, or canola by-  
18 products, or sunflower seeds into sunflower oil; as to such persons  
19 the amount of tax with respect to such business is equal to the value  
20 of the flour, pearl barley, oil, canola meal, or canola by-product  
21 manufactured, multiplied by the rate of 0.138 percent;

22 (b) Beginning July 1, 2025, seafood products that remain in a  
23 raw, raw frozen, or raw salted state at the completion of the  
24 manufacturing by that person; or selling manufactured seafood  
25 products that remain in a raw, raw frozen, or raw salted state at the  
26 completion of the manufacturing, to purchasers who transport in the  
27 ordinary course of business the goods out of this state; as to such  
28 persons the amount of tax with respect to such business is equal to  
29 the value of the products manufactured or the gross proceeds derived  
30 from such sales, multiplied by the rate of 0.138 percent. Sellers  
31 must keep and preserve records for the period required by RCW  
32 82.32.070 establishing that the goods were transported by the  
33 purchaser in the ordinary course of business out of this state;

34 (c) (i) Except as provided otherwise in (c) (iii) of this  
35 subsection, from July 1, 2025, until January 1, 2036, dairy products;  
36 or selling dairy products that the person has manufactured to  
37 purchasers who either transport in the ordinary course of business  
38 the goods out of state or purchasers who use such dairy products as  
39 an ingredient or component in the manufacturing of a dairy product;

1 as to such persons the tax imposed is equal to the value of the  
2 products manufactured or the gross proceeds derived from such sales  
3 multiplied by the rate of 0.138 percent. Sellers must keep and  
4 preserve records for the period required by RCW 82.32.070  
5 establishing that the goods were transported by the purchaser in the  
6 ordinary course of business out of this state or sold to a  
7 manufacturer for use as an ingredient or component in the  
8 manufacturing of a dairy product.

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

11 (A) Products, not including any cannabis-infused product, that as  
12 of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts  
13 131, 133, and 135, including by-products from the manufacturing of  
14 the dairy products, such as whey and casein; and

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

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

23 (d)(i) Beginning July 1, 2025, fruits or vegetables by canning,  
24 preserving, freezing, processing, or dehydrating fresh fruits or  
25 vegetables, or selling at wholesale fruits or vegetables manufactured  
26 by the seller by canning, preserving, freezing, processing, or  
27 dehydrating fresh fruits or vegetables and sold to purchasers who  
28 transport in the ordinary course of business the goods out of this  
29 state; as to such persons the amount of tax with respect to such  
30 business is equal to the value of the products manufactured or the  
31 gross proceeds derived from such sales multiplied by the rate of  
32 0.138 percent. Sellers must keep and preserve records for the period  
33 required by RCW 82.32.070 establishing that the goods were  
34 transported by the purchaser in the ordinary course of business out  
35 of this state.

36 (ii) For purposes of this subsection (1)(d), "fruits" and  
37 "vegetables" do not include cannabis, useable cannabis, or cannabis-  
38 infused products; and

39 (e) Wood biomass fuel; as to such persons the amount of tax with  
40 respect to the business is equal to the value of wood biomass fuel

1 manufactured, multiplied by the rate of 0.138 percent. For the  
2 purposes of this section, "wood biomass fuel" means a liquid or  
3 gaseous fuel that is produced from lignocellulosic feedstocks,  
4 including wood, forest, or field residue and dedicated energy crops,  
5 and that does not include wood treated with chemical preservations  
6 such as creosote, pentachlorophenol, or copper-chrome-arsenic.

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

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

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

21 (5) (a) Upon every person engaging within this state in the  
22 business of acting as a travel agent or tour operator and whose  
23 annual taxable amount for the prior calendar year from such business  
24 was two hundred fifty thousand dollars or less; as to such persons  
25 the amount of the tax with respect to such activities is equal to the  
26 gross income derived from such activities multiplied by the rate of  
27 0.275 percent.

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

35 (6) Upon every person engaging within this state in business as  
36 an international steamship agent, international customs house broker,  
37 international freight forwarder, vessel and/or cargo charter broker  
38 in foreign commerce, and/or international air cargo agent; as to such  
39 persons the amount of the tax with respect to only international

1 activities is equal to the gross income derived from such activities  
2 multiplied by the rate of 0.275 percent.

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

32 (8) (a) Upon every person engaging within this state in the  
33 business of disposing of low-level waste, as defined in RCW  
34 70A.380.010; as to such persons the amount of the tax with respect to  
35 such business is equal to the gross income of the business, excluding  
36 any fees imposed under chapter 70A.384 RCW, multiplied by the rate of  
37 3.3 percent.

38 (b) If the gross income of the taxpayer is attributable to  
39 activities both within and without this state, the gross income

1 attributable to this state must be determined in accordance with the  
2 methods of apportionment required under RCW 82.04.460.

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

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

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

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

27 (ii) 0.2904 percent beginning July 1, 2007, through March 31,  
28 2020; and

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

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

1 and the gross proceeds of sales of the product manufactured, or in  
2 the case of processors for hire, be equal to the gross income of the  
3 business, multiplied by the rate of:

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

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

7 (A) The rate under RCW 82.04.250(1) on the business of making  
8 retail sales of tooling specifically designed for use in  
9 manufacturing commercial airplanes or components of such airplanes;  
10 and

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

13 (c) For the purposes of this subsection (11), "commercial  
14 airplane" and "component" have the same meanings as provided in RCW  
15 82.32.550.

16 (d)(i) In addition to all other requirements under this title, a  
17 person reporting under the tax rate provided in this subsection (11)  
18 must file a complete annual tax performance report with the  
19 department under RCW 82.32.534. However, this requirement does not  
20 apply to persons reporting under the tax rate in (a)(iii) of this  
21 subsection (11), so long as that rate remains 0.484 percent, or under  
22 any of the tax rates in (b)(ii)(A) and (B) of this subsection (11),  
23 so long as those tax rates remain the rate imposed pursuant to RCW  
24 82.04.250(1) and 0.484 percent, respectively.

25 (ii) Nothing in (d)(i) of this subsection (11) may be construed  
26 as affecting the obligation of a person reporting under a tax rate  
27 provided in this subsection (11) to file a complete annual tax  
28 performance report with the department under RCW 82.32.534: (A)  
29 Pursuant to another provision of this title as a result of claiming a  
30 tax credit or exemption; or (B) pursuant to (d)(i) of this subsection  
31 (11) as a result of claiming the tax rates in (a)(ii) or (b)(i) of  
32 this subsection (11) for periods ending before April 1, 2020.

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



1 (ii) Both a significant commercial airplane manufacturer  
2 separately and the rest of the aerospace industry as a whole,  
3 receiving the rate of 0.357 percent under this subsection (11)(e) are  
4 subject to the aerospace apprenticeship utilization rates required  
5 under RCW 49.04.220 by April 1, 2026, or five years after the  
6 effective date of the 0.357 percent rate authorized under this  
7 subsection (11)(e), whichever is later, as determined by the  
8 department of labor and industries.

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

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

13 (ii) With respect to the manufacturing of commercial airplanes or  
14 making sales, at retail or wholesale, of commercial airplanes, this  
15 subsection (11) does not apply on and after July 1st of the year in  
16 which the department makes a determination that any final assembly or  
17 wing assembly of any version or variant of a commercial airplane that  
18 is the basis of a siting of a significant commercial airplane  
19 manufacturing program in the state under RCW 82.32.850 has been sited  
20 outside the state of Washington. This subsection (11)(f)(ii) only  
21 applies to the manufacturing or sale of commercial airplanes that are  
22 the basis of a siting of a significant commercial airplane  
23 manufacturing program in the state under RCW 82.32.850. This  
24 subsection (11)(f)(ii) continues to apply during the time that a  
25 person is subject to the tax rate in (a)(iii) of this subsection  
26 (11).

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

31 (12)(a) Until July 1, 2045, upon every person engaging within  
32 this state in the business of extracting timber or extracting for  
33 hire timber; as to such persons the amount of tax with respect to the  
34 business is, in the case of extractors, equal to the value of  
35 products, including by-products, extracted, or in the case of  
36 extractors for hire, equal to the gross income of the business,  
37 multiplied by the rate of 0.4235 percent from July 1, 2006, through  
38 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,  
39 2045.

1 (b) Until July 1, 2045, upon every person engaging within this  
2 state in the business of manufacturing or processing for hire: (i)  
3 Timber into timber products or wood products; (ii) timber products  
4 into other timber products or wood products; or (iii) products  
5 defined in RCW 19.27.570(1); as to such persons the amount of the tax  
6 with respect to the business is, in the case of manufacturers, equal  
7 to the value of products, including by-products, manufactured, or in  
8 the case of processors for hire, equal to the gross income of the  
9 business, multiplied by the rate of 0.4235 percent from July 1, 2006,  
10 through June 30, 2007, and 0.2904 percent from July 1, 2007, through  
11 June 30, 2045.

12 (c) Until July 1, 2045, upon every person engaging within this  
13 state in the business of selling at wholesale: (i) Timber extracted  
14 by that person; (ii) timber products manufactured by that person from  
15 timber or other timber products; (iii) wood products manufactured by  
16 that person from timber or timber products; or (iv) products defined  
17 in RCW 19.27.570(1) manufactured by that person; as to such persons  
18 the amount of the tax with respect to the business is equal to the  
19 gross proceeds of sales of the timber, timber products, wood  
20 products, or products defined in RCW 19.27.570(1) multiplied by the  
21 rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and  
22 0.2904 percent from July 1, 2007, through June 30, 2045.

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

33 (e) For purposes of this subsection, the following definitions  
34 apply:

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

39 (ii) "Paper and paper products" means products made of interwoven  
40 cellulosic fibers held together largely by hydrogen bonding. "Paper

1 and paper products" includes newsprint; office, printing, fine, and  
2 pressure-sensitive papers; paper napkins, towels, and toilet tissue;  
3 kraft bag, construction, and other kraft industrial papers;  
4 paperboard, liquid packaging containers, containerboard, corrugated,  
5 and solid-fiber containers including linerboard and corrugated  
6 medium; and related types of cellulosic products containing  
7 primarily, by weight or volume, cellulosic materials. "Paper and  
8 paper products" does not include books, newspapers, magazines,  
9 periodicals, and other printed publications, advertising materials,  
10 calendars, and similar types of printed materials.

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

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

21 (v) "Timber products" means:

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

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

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

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

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

37 (g) Nothing in this subsection (12) may be construed to affect  
38 the taxation of any activity defined as a retail sale in RCW  
39 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW  
40 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

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

6 ~~((14) (a) Upon every person engaging within this state in the  
7 business of printing a newspaper, publishing a newspaper, or both,  
8 the amount of tax on such business is equal to the gross income of  
9 the business multiplied by the rate of 0.35 percent until July 1,  
10 2024, and 0.484 percent thereafter.~~

11 ~~(b) A person reporting under the tax rate provided in this  
12 subsection (14) must file a complete annual tax performance report  
13 with the department under RCW 82.32.534.)~~

14 **Sec. 4.** RCW 35.102.150 and 2011 c 174 s 201 are each amended to  
15 read as follows:

16 Notwithstanding RCW 35.102.130, a city that imposes a business  
17 and occupation tax must allocate a person's gross income from the  
18 activities of printing, and of publishing newspapers, periodicals, or  
19 magazines, to the principal place in this state from which the  
20 taxpayer's business is directed or managed. As used in this section,  
21 the activities of printing, and of publishing newspapers,  
22 periodicals, or magazines are those activities to which the exemption  
23 in section 2 of this act and the tax rate((s)) in RCW ((82.04.260(13)  
24 and)) 82.04.280(1)(a) apply.

25 **Sec. 5.** RCW 82.04.460 and 2014 c 97 s 304 are each amended to  
26 read as follows:

27 (1) Except as otherwise provided in this section, any person  
28 earning apportionable income taxable under this chapter and also  
29 taxable in another state must, for the purpose of computing tax  
30 liability under this chapter, apportion to this state, in accordance  
31 with RCW 82.04.462, that portion of the person's apportionable income  
32 derived from business activities performed within this state.

33 (2) The department must by rule provide a method of apportioning  
34 the apportionable income of financial institutions, where such  
35 apportionable income is taxable under RCW 82.04.290. The rule adopted  
36 by the department must, to the extent feasible, be consistent with  
37 the multistate tax commission's recommended formula for the  
38 apportionment and allocation of net income of financial institutions

1 as existing on June 1, 2010, or such subsequent date as may be  
2 provided by the department by rule, consistent with the purposes of  
3 this section, except that:

4 (a) The department's rule must provide for a single factor  
5 apportionment method based on the receipts factor; and

6 (b) The definition of "financial institution" contained in  
7 appendix A to the multistate tax commission's recommended formula for  
8 the apportionment and allocation of net income of financial  
9 institutions is advisory only.

10 (3) The department may by rule provide a method or methods of  
11 apportioning or allocating gross income derived from sales of  
12 telecommunications service and competitive telephone service taxed  
13 under this chapter, if the gross proceeds of sales subject to tax  
14 under this chapter do not fairly represent the extent of the  
15 taxpayer's income attributable to this state. The rule must provide  
16 for an equitable and constitutionally permissible division of the tax  
17 base.

18 (4) For purposes of this section, the following definitions apply  
19 unless the context clearly requires otherwise:

20 (a) "Apportionable income" means gross income of the business  
21 generated from engaging in apportionable activities, including income  
22 received from apportionable activities performed outside this state  
23 if the income would be taxable under this chapter if received from  
24 activities in this state, less the exemptions and deductions  
25 allowable under this chapter. For purposes of this subsection,  
26 "apportionable activities" means only those activities taxed under:

27 (i) RCW 82.04.255;

28 (ii) RCW 82.04.260 (3), (5), (6), (7), (8), (9), (10), and (13);

29 (iii) RCW 82.04.280(1)(e);

30 (iv) RCW 82.04.285;

31 (v) RCW 82.04.286;

32 (vi) RCW 82.04.290;

33 (vii) RCW 82.04.2907;

34 (viii) RCW 82.04.2908;

35 (ix) RCW 82.04.263, but only to the extent of any activity that  
36 would be taxable under any of the provisions enumerated under (a)(i)  
37 through (viii) of this subsection (4) if the tax classification in  
38 RCW 82.04.263 did not exist; and

39 (x) RCW (~~82.04.260(14)~~ and) 82.04.280(1)(a) or exempted under  
40 section 2 of this act, but only with respect to advertising.

1 (b) (i) "Taxable in another state" means that the taxpayer is  
2 subject to a business activities tax by another state on its income  
3 received from engaging in apportionable activities; or the taxpayer  
4 is not subject to a business activities tax by another state on its  
5 income received from engaging in apportionable activities, but any  
6 other state has jurisdiction to subject the taxpayer to a business  
7 activities tax on such income under the substantial nexus standards  
8 in RCW 82.04.067(1).

9 (ii) For purposes of this subsection (4) (b), "business activities  
10 tax" and "state" have the same meaning as in RCW 82.04.462.

11 **Sec. 6.** RCW 82.08.806 and 2020 c 139 s 16 are each amended to  
12 read as follows:

13 (1) The tax levied by RCW 82.08.020 does not apply to sales, to a  
14 printer or publisher, of computer equipment, including repair parts  
15 and replacement parts for such equipment, when the computer equipment  
16 is used primarily in the printing or publishing of any printed  
17 material, or to sales of or charges made for labor and services  
18 rendered in respect to installing, repairing, cleaning, altering, or  
19 improving the computer equipment. This exemption applies only to  
20 computer equipment not otherwise exempt under RCW 82.08.02565.

21 (2) A person taking the exemption under this section must keep  
22 records necessary for the department to verify eligibility under this  
23 section. This exemption is available only when the purchaser provides  
24 the seller with an exemption certificate in a form and manner  
25 prescribed by the department. The seller must retain a copy of the  
26 certificate for the seller's files.

27 (3) The definitions in this subsection (3) apply throughout this  
28 section, unless the context clearly requires otherwise.

29 (a) "Computer" has the same meaning as in RCW 82.04.215.

30 (b) "Computer equipment" means a computer and the associated  
31 physical components that constitute a computer system, including  
32 monitors, keyboards, printers, modems, scanners, pointing devices,  
33 and other computer peripheral equipment, cables, servers, and  
34 routers. "Computer equipment" also includes digital cameras and  
35 computer software.

36 (c) "Computer software" has the same meaning as in RCW 82.04.215.

37 (d) "Primarily" means greater than fifty percent as measured by  
38 time.

1 (e) "Printer or publisher" means a person, as defined in RCW  
2 82.04.030, who is subject to tax under RCW (~~(82.04.260(14) or)~~)  
3 82.04.280(1)(a) or is eligible for the exemption under section 2 of  
4 this act.

5 (4) "Computer equipment" does not include computer equipment that  
6 is used primarily for administrative purposes including but not  
7 limited to payroll processing, accounting, customer service,  
8 telemarketing, and collection. If computer equipment is used  
9 simultaneously for administrative and nonadministrative purposes, the  
10 administrative use must be disregarded during the period of  
11 simultaneous use for purposes of determining whether the computer  
12 equipment is used primarily for administrative purposes.

13 NEW SECTION. **Sec. 7.** (1) This section is the tax preference  
14 performance statement for the tax preference contained in section 2,  
15 chapter . . ., Laws of 2023 (section 2 of this act). This performance  
16 statement is only intended to be used for subsequent evaluation of  
17 the tax preference. It is not intended to create a private right of  
18 action by any party or to be used to determine eligibility for  
19 preferential tax treatment.

20 (2) The legislature categorizes this tax preference as one  
21 intended to provide tax relief for certain businesses or individuals  
22 and to create or retain jobs, as indicated in RCW 82.32.808(2) (c)  
23 and (e).

24 (3) It is the legislature's specific public policy objective to  
25 protect and support local journalism.

26 (4) If a review finds that the tax preference accomplishes its  
27 goal of supporting local journalism across the state, measured by  
28 retaining 75 percent of the journalism jobs, local newspapers, and  
29 community-focused online news outlets based in Washington as of  
30 December 31, 2022, or if a review finds that the tax preference  
31 enables locally based journalism outlets to continue to exist when  
32 compared to states that did not provide similar tax incentives, then  
33 the legislature intends to extend the expiration date of this tax  
34 preference.

35 (5) In order to obtain the data necessary to perform the review  
36 in subsection (4) of this section, the joint legislative audit and  
37 review committee may refer to any data collected by the state.

38 (6) RCW 82.32.808(6) does not apply to the tax preference created  
39 in section 2 of this act.

1        NEW SECTION.    **Sec. 8.**    This act takes effect January 1, 2024.

2        NEW SECTION.    **Sec. 9.**    This act expires January 1, 2034."

**2SSB 5199 - S AMD 138**

By Senator Mullet

**ADOPTED 03/31/2023**

3        On page 1, line 1 of the title, after "publishers;" strike the  
4 remainder of the title and insert "amending RCW 82.04.260,  
5 35.102.150, 82.04.460, and 82.08.806; adding a new section to chapter  
6 82.04 RCW; creating new sections; providing an effective date; and  
7 providing an expiration date."

EFFECT: Removes the word "news" from the definition of "eligible digital content." Removes an unnecessary provision disallowing radio/television broadcasters from claiming the exemption. Defines the word "primarily" to mean activities of the taxpayer constituting more than 50 percent of the taxpayer's worldwide income from all business activities. Makes other technical clarifications.

--- END ---