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**SECOND SUBSTITUTE SENATE BILL 5199**

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**State of Washington**

**68th Legislature**

**2023 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Mullet, Conway, Dozier, Holy, Keiser, Lovelett, Nguyen, Shewmake, and Valdez; by request of Attorney General)

READ FIRST TIME 02/21/23.

1 AN ACT Relating to tax relief for newspaper publishers; amending  
2 RCW 82.04.260, 35.102.150, 82.04.460, and 82.08.806; adding a new  
3 section to chapter 82.04 RCW; creating new sections; providing an  
4 effective date; and providing an expiration date.

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

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

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

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

7 The legislature finds that local journalism can help keep watch  
8 over health trends in the community by identifying and preventing  
9 disease. The legislature finds that rural and underserved communities  
10 are the hardest hit in the area of public health when newspapers  
11 decline.

12 The legislature finds that local journalism helps combat  
13 government corruption and holds powerful institutions accountable.  
14 Newspapers in Washington state have lobbied and editorialized for  
15 open public records, and fought attempts to rein in frivolous  
16 requests, costing local and state governments millions of dollars  
17 each year.

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

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

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

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

25 (b) Publishing eligible digital content by a person who reported  
26 under the printing and publishing tax classification for the  
27 reporting period that covers January 1, 2008, for engaging in  
28 printing and/or publishing a newspaper, as defined on January 1,  
29 2008.

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

34 (3) In cases where a publisher charges a single, nonvariable  
35 amount to advertise in, subscribe to, or access content in both a  
36 publication identified in subsection (1) of this section and another  
37 type of publication, the entire amount is exempt under this section.

38 (4) For purposes of this section, "eligible digital content"  
39 means a news publication that:

1 (a) Is published at regularly stated intervals of at least once  
2 per month;

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

6 (c) Is made available to readers exclusively in an electronic  
7 format.

8 (5) The exemption under this section does not apply to persons  
9 reporting under the radio and television broadcasting classification.

10 (6) The exemption under this section applies only to persons  
11 primarily engaged in printing a newspaper, publishing a newspaper, or  
12 publishing eligible digital content, or any combination of these  
13 activities, unless this business activity was previously engaged in  
14 by an affiliated person and was not their primary business activity.  
15 For purposes of this subsection, "affiliated person" means persons  
16 that are affiliated as defined in RCW 82.04.299.

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

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

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

27 (b) Beginning July 1, 2025, seafood products that remain in a  
28 raw, raw frozen, or raw salted state at the completion of the  
29 manufacturing by that person; or selling manufactured seafood  
30 products that remain in a raw, raw frozen, or raw salted state at the  
31 completion of the manufacturing, to purchasers who transport in the  
32 ordinary course of business the goods out of this state; as to such  
33 persons the amount of tax with respect to such business is equal to  
34 the value of the products manufactured or the gross proceeds derived  
35 from such sales, multiplied by the rate of 0.138 percent. Sellers  
36 must keep and preserve records for the period required by RCW  
37 82.32.070 establishing that the goods were transported by the  
38 purchaser in the ordinary course of business out of this state;

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

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

17 (A) Products, not including any cannabis-infused product, that as  
18 of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts  
19 131, 133, and 135, including by-products from the manufacturing of  
20 the dairy products, such as whey and casein; and

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

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

29 (d)(i) Beginning July 1, 2025, fruits or vegetables by canning,  
30 preserving, freezing, processing, or dehydrating fresh fruits or  
31 vegetables, or selling at wholesale fruits or vegetables manufactured  
32 by the seller by canning, preserving, freezing, processing, or  
33 dehydrating fresh fruits or vegetables and sold to purchasers who  
34 transport in the ordinary course of business the goods out of this  
35 state; as to such persons the amount of tax with respect to such  
36 business is equal to the value of the products manufactured or the  
37 gross proceeds derived from such sales multiplied by the rate of  
38 0.138 percent. Sellers must keep and preserve records for the period  
39 required by RCW 82.32.070 establishing that the goods were

1 transported by the purchaser in the ordinary course of business out  
2 of this state.

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

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

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

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

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

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

35 (b) Upon every person engaging within this state in the business  
36 of acting as a travel agent or tour operator and whose annual taxable  
37 amount for the prior calendar year from such business was more than  
38 two hundred fifty thousand dollars; as to such persons the amount of  
39 the tax with respect to such activities is equal to the gross income

1 derived from such activities multiplied by the rate of 0.275 percent  
2 through June 30, 2019, and 0.9 percent beginning July 1, 2019.

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

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

39 (8) (a) Upon every person engaging within this state in the  
40 business of disposing of low-level waste, as defined in RCW

1 70A.380.010; as to such persons the amount of the tax with respect to  
2 such business is equal to the gross income of the business, excluding  
3 any fees imposed under chapter 70A.384 RCW, multiplied by the rate of  
4 3.3 percent.

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

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

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

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

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

33 (ii) 0.2904 percent beginning July 1, 2007, through March 31,  
34 2020; and

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

39 (b) Beginning July 1, 2008, upon every person who is not eligible  
40 to report under the provisions of (a) of this subsection (11) and is

1 engaging within this state in the business of manufacturing tooling  
2 specifically designed for use in manufacturing commercial airplanes  
3 or components of such airplanes, or making sales, at retail or  
4 wholesale, of such tooling manufactured by the seller, as to such  
5 persons the amount of tax with respect to such business is, in the  
6 case of manufacturers, equal to the value of the product manufactured  
7 and the gross proceeds of sales of the product manufactured, or in  
8 the case of processors for hire, be equal to the gross income of the  
9 business, multiplied by the rate of:

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

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

13 (A) The rate under RCW 82.04.250(1) on the business of making  
14 retail sales of tooling specifically designed for use in  
15 manufacturing commercial airplanes or components of such airplanes;  
16 and

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

19 (c) For the purposes of this subsection (11), "commercial  
20 airplane" and "component" have the same meanings as provided in RCW  
21 82.32.550.

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

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

39 (e)(i) After March 31, 2021, the tax rates under (a)(iii) and  
40 (b)(ii) of this subsection (11) must be reduced to 0.357 percent



1 provided the conditions in RCW 82.04.2602 are met. The effective date  
2 of the rates authorized under this subsection (11)(e) must occur on  
3 the first day of the next calendar quarter that is at least sixty  
4 days after the department receives the last of the two written  
5 notices pursuant to RCW 82.04.2602 (3) and (4).

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

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

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

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

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

36 (12)(a) Until July 1, 2045, upon every person engaging within  
37 this state in the business of extracting timber or extracting for  
38 hire timber; as to such persons the amount of tax with respect to the  
39 business is, in the case of extractors, equal to the value of  
40 products, including by-products, extracted, or in the case of

1 extractors for hire, equal to the gross income of the business,  
2 multiplied by the rate of 0.4235 percent from July 1, 2006, through  
3 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,  
4 2045.

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

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

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

37 (e) For purposes of this subsection, the following definitions  
38 apply:

39 (i) "Biocomposite surface products" means surface material  
40 products containing, by weight or volume, more than fifty percent

1 recycled paper and that also use nonpetroleum-based phenolic resin as  
2 a bonding agent.

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

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

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

25 (v) "Timber products" means:

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

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

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

33 (vi) "Wood products" means paper and paper products; dimensional  
34 lumber; engineered wood products such as particleboard, oriented  
35 strand board, medium density fiberboard, and plywood; wood doors;  
36 wood windows; and biocomposite surface products.

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

1 (g) Nothing in this subsection (12) may be construed to affect  
2 the taxation of any activity defined as a retail sale in RCW  
3 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW  
4 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

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

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

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

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

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

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

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

37 (2) The department must by rule provide a method of apportioning  
38 the apportionable income of financial institutions, where such

1 apportionable income is taxable under RCW 82.04.290. The rule adopted  
2 by the department must, to the extent feasible, be consistent with  
3 the multistate tax commission's recommended formula for the  
4 apportionment and allocation of net income of financial institutions  
5 as existing on June 1, 2010, or such subsequent date as may be  
6 provided by the department by rule, consistent with the purposes of  
7 this section, except that:

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

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

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

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

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

31 (i) RCW 82.04.255;

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

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

34 (iv) RCW 82.04.285;

35 (v) RCW 82.04.286;

36 (vi) RCW 82.04.290;

37 (vii) RCW 82.04.2907;

38 (viii) RCW 82.04.2908;

39 (ix) RCW 82.04.263, but only to the extent of any activity that  
40 would be taxable under any of the provisions enumerated under (a)(i)

1 through (viii) of this subsection (4) if the tax classification in  
2 RCW 82.04.263 did not exist; and

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

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

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

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

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

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

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

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

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

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

2 (d) "Primarily" means greater than fifty percent as measured by  
3 time.

4 (e) "Printer or publisher" means a person, as defined in RCW  
5 82.04.030, who is subject to tax under RCW (~~(82.04.260(14) or~~)  
6 82.04.280(1)(a) or is eligible for the exemption under section 2 of  
7 this act.

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

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

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

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

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

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

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

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

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

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