
SENATE BILL 6502

State of Washington 52nd Legislature 1992 Regular Session

By Senators Moore and Pelz

Read first time 02/07/92. Referred to Committee on Ways & Means.

1 AN ACT Relating to fiscal reform; amending RCW 82.03.130,
2 82.03.140, 2.10.180, 2.12.090, 6.13.030, 41.44.240, 43.43.310,
3 82.04.230, 82.04.240, 82.04.250, 82.04.255, 82.04.260, 82.04.270,
4 82.04.280, 82.04.290, 82.08.020, 84.52.043, and 43.135.020; reenacting
5 and amending RCW 41.24.240, 41.26.180, 41.32.052, 41.40.052, and
6 76.12.120; adding a new section to chapter 84.52 RCW; adding a new
7 title to the Revised Code of Washington to be numbered Title 82A RCW;
8 creating a new section; repealing RCW 82.04.2901, 82.04.2904, 6.15.025,
9 84.52.065, and 84.52.067; prescribing penalties; and providing
10 contingent effective dates.

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

1 NEW SECTION. **Sec. 8.** PERSON. "Person" includes individuals,
2 partnerships, firms, companies, fiduciaries, estates, trusts, and
3 corporations.

4 NEW SECTION. **Sec. 9.** RESIDENT. "Resident" includes:

5 (1) An individual who:

6 (a) Has resided in this state for the entire taxable year; or

7 (b) Is domiciled in this state unless the individual:

8 (i) Maintains no permanent place of abode in this state; and

9 (ii) Does maintain a permanent place of abode elsewhere; and

10 (iii) Spends in the aggregate not more than thirty days in the
11 taxable year in this state; or

12 (c) Is not domiciled in this state, but maintains a permanent place
13 of abode in this state and spends in the aggregate more than one
14 hundred eighty-three days of the taxable year in this state unless the
15 individual establishes to the satisfaction of the director of revenue
16 that the individual is in the state only for temporary or transitory
17 purposes; or

18 (d) Claims the state of Washington as the individual's tax home for
19 federal income tax purposes.

20 (2) A resident estate means an estate of which a personal
21 representative was appointed by a Washington court or an estate the
22 administration of which is carried on in this state.

23 (3) A resident trust means a trust whose situs as determined by RCW
24 11.96.040 is within the state of Washington.

25 NEW SECTION. **Sec. 10.** S CORPORATION. "S corporation" means an S
26 corporation as defined in section 1361 of the internal revenue code.

1 NEW SECTION. **Sec. 17.** CARRYOVERS. Add amounts that have been
2 deducted in computing federal base income to the extent the amounts
3 have been carried over from taxable years ending before the effective
4 date of this act.

5 NEW SECTION. **Sec. 18.** CARRYBACKS. Add amounts that have been
6 deducted in computing federal base income to the extent the amounts
7 have been carried back from future taxable years.

8 NEW SECTION. **Sec. 19.** PUBLIC UTILITIES. From federal taxable
9 income, deduct income attributable to activities subject to tax under
10 chapter 82.16 RCW. However, the amount deducted under this section
11 shall be reduced by any expense incurred in the production of such
12 income to the extent the expense has been deducted in calculating
13 federal taxable income.

14 NEW SECTION. **Sec. 20.** NONPROFIT ORGANIZATIONS. Add any amounts
15 subject to tax under subchapter F, chapter 1, subtitle A of the
16 internal revenue code. For the purposes of computations under this
17 section, if a nonprofit organization has no federal base income, or a
18 negative federal base income, federal base income shall be treated as
19 if it were zero.

20 NEW SECTION. **Sec. 21.** S CORPORATIONS. Add amounts upon which an
21 S corporation is subject to tax under subchapter S, chapter 1, subtitle
22 A of the internal revenue code.

23 NEW SECTION. **Sec. 22.** STATE AND LOCAL INCOME TAXES. Add taxes on
24 or measured by net income that have been deducted under the internal
25 revenue code in computing federal base income.

1 NEW SECTION. **Sec. 23.** STATE AND LOCAL OBLIGATIONS. (1) For

2 corporations, add all gross income that has been excluded under section
3 103 of the internal revenue code in computing federal base income.

4 (2) For taxpayers other than corporations, add gross income that
5 has been excluded under section 103 of the internal revenue code in
6 computing federal base income, except gross income derived from
7 obligations of the state of Washington or political subdivisions of the
8 state of Washington.

9 (3) Subtract any expenses incurred in the production of amounts
10 added under subsection (1) or (2) of this section, to the extent the
11 expenses have not been deducted in computing federal base income.

12 NEW SECTION. **Sec. 24.** DEDUCTIONS REQUIRED BY FEDERAL LAW. (1)

13 Subtract gross income that the state is prohibited from taxing under
14 the Constitution or laws of the United States, to the extent the gross
15 income was included in computing federal base income.

16 (2) Add any expenses incurred in the production of amounts
17 subtracted under subsection (1) of this section, to the extent the
18 expenses have been deducted in computing federal base income.

19 NEW SECTION. **Sec. 25.** TAX RETURNS FOR FRACTIONAL YEAR. (1) If

20 the first taxable year of any taxpayer with respect to which a tax is
21 imposed by this title ends before December 31st of the calendar year in
22 which this title becomes effective, referred to in this section as a
23 fractional taxable year, the taxable income for the fractional taxable
24 year shall be the taxpayer's taxable income for the entire taxable
25 year, adjusted by one of the following methods, at the taxpayer's
26 election:

27 (a) The taxable income shall be multiplied by a fraction. The
28 numerator of the fraction is the number of days in the fractional

1 taxable year. The denominator of the fraction is the number of days in
2 the entire taxable year.

3 (b) The taxable income shall be adjusted, in accordance with rules
4 of the department, so as to include only such income and be reduced
5 only by such deductions as can be clearly determined from the permanent
6 records of the taxpayer to be attributable to the fractional taxable
7 year.

8 (2) If an individual taxpayer's taxable income is adjusted under
9 subsection (1) of this section, the deduction amounts allowed under
10 section 32 of this act for the taxpayer shall be reduced by multiplying
11 the amount of the exemption by a fraction. The numerator of the
12 fraction is the number of days in the taxpayer's fractional taxable
13 year. The denominator of the fraction is the number of days in the
14 entire taxable year.

15 **PART III**

16 **INCOME TAX--DIVISION OF INCOME, MODIFICATIONS, AND CREDITS**

17 NEW SECTION. **Sec. 26.** APPORTIONMENT AND ALLOCATION OF INCOME--
18 INDIVIDUALS, ESTATES, AND TRUSTS. (1) For resident individuals,
19 estates, and trusts, all income shall be apportioned and allocated to
20 this state.

21 (2) For nonresident individuals, estates, and trusts, income
22 derived from sources within this state shall be apportioned and
23 allocated to this state. For purposes of this title:

24 (a) The adjusted gross income of a nonresident derived from sources
25 within this state is the net amount of items of income, gain, loss, and
26 deduction of the nonresident's federal adjusted gross income that are
27 derived from or connected with sources in this state including any
28 distributive share of partnership income and deductions, and any share

1 of estate or trust income and deductions, including any unrelated
2 business income of an otherwise exempt trust or organization.

3 (b) Items of income, gain, loss, and deduction derived from or
4 connected with sources within this state are those items attributable
5 to the ownership or disposition of any interest in real or tangible
6 personal property in this state, and a business, trade, profession, or
7 occupation carried on within this state. The department shall issue
8 rules to provide consistency of this section with the excise tax
9 provisions.

10 (c) Deduction with respect to expenses, capital losses, and net
11 operating losses shall be based solely on income, gains, losses, and
12 deductions derived from or connected with sources in this state but
13 shall otherwise be determined in the same manner as the corresponding
14 federal deduction except as provided in this title.

15 (d) Income from intangible personal property, including annuities,
16 dividends, interest, and gains from the disposition of intangible
17 personal property, constitutes income derived from sources within the
18 state of Washington only to the extent that such income is from
19 property employed in a business, trade, profession, or occupation
20 carried on within this state: PROVIDED, That distributed and
21 undistributed income of an electing S corporation for federal tax
22 purposes derived from or connected with sources within this state is
23 income derived from sources within this state for a nonresident
24 shareholder. A net operating loss of such corporation does constitute
25 a loss or deduction connected with sources within this state for a
26 nonresident shareholder.

27 (e) Compensation paid by the United States for service in the armed
28 forces of the United States performed in this state by a nonresident
29 does not constitute income derived from sources within this state.

1 (f) If a business, trade, profession, or occupation is carried on
2 partly within and partly without this state, the determination of net
3 income derived or connected with sources within this state, as provided
4 in this section, shall be made by apportionment and allocation under
5 chapter 82.56 RCW.

6 NEW SECTION. **Sec. 27.** APPORTIONMENT AND ALLOCATION OF
7 INCOME--CORPORATIONS. (1) For corporations other than financial
8 organizations or public utilities, all income shall be apportioned and
9 allocated to this state except income that is apportioned or allocated
10 to another state under RCW 82.56.010.

11 (2) For financial organizations and public utilities, as defined in
12 Article IV, section 1(d) and (f) of RCW 82.56.010, that are taxable
13 both within this state and in another state within the meaning of
14 Article IV, section 3 of RCW 82.56.010, the amount of net income to be
15 apportioned or allocated, or both, to this state shall be determined in
16 accordance with rules adopted by the department. The rules shall, as
17 far as the department deems practical, be consistent with the
18 provisions of Article IV of RCW 82.56.010. In developing the rules,
19 the department shall also give appropriate consideration to any uniform
20 regulations adopted by the multistate tax commission pursuant to
21 Article VII of RCW 82.56.010, and to the rules of other states in which
22 the financial organizations and public utilities are also taxable.

23 NEW SECTION. **Sec. 28.** COMBINED REPORTING. (1) The department may
24 permit or require a corporation that is subject to taxation under this
25 title and is a part of a water's edge combined group to file a combined
26 report covering the combined operations of the group. The report shall
27 contain such information as shall be designated in rules adopted by the
28 department.

1 (2) A corporation is a part of a water's edge combined group if it
2 is engaged in business activities that are integrated with, dependent
3 upon, or that contribute to the business activities of the group as a
4 whole. Only corporations meeting one or more of the following
5 descriptions may be included in a water's edge combined group:

6 (a) Corporations included or includable in a consolidated return
7 for federal income tax purposes;

8 (b) United States possessions corporations;

9 (c) Corporations incorporated in any United States possession or
10 territory;

11 (d) Domestic international sales corporations or foreign sales
12 corporations;

13 (e) Corporations incorporated in a country that either does not
14 impose an income tax or imposes an income tax at a rate lower than
15 ninety percent of the federal tax rate on the federally defined income
16 tax base, if:

17 (i) Fifty percent or more of either the sales or purchases or of
18 payments of income or expenses, exclusive of payments for intangible
19 property, or payments of eighty percent or more of all expenses are
20 made directly or indirectly to one or more members of a water's edge
21 combined group; or

22 (ii) The corporation conducts no significant economic activity;

23 (f) Foreign corporations having at least a threshold level of
24 business activity in the United States, as determined under rules of
25 the department;

26 (g) United States corporations that are members of a group of two
27 or more corporations with a common owner or owners, either corporate or
28 noncorporate, where more than fifty percent of the voting stock of each
29 member corporation is directly or indirectly owned by the common owner
30 or owners or by one or more of the member corporations.

1 (3) The income attributable to the Washington activities of a
2 corporation that is a part of a water's edge combined group shall be
3 determined by the apportionment of the entire business net income of
4 the group and the allocation of nonbusiness income of the corporation,
5 using the factors and methods in section 27 of this act and the rules
6 of the department adopted under section 27 of this act. Business net
7 income may include income of corporations that do not have federal
8 taxable income because they are not subject to federal taxation.

9 NEW SECTION. **Sec. 29.** PARTNERSHIPS AND S CORPORATIONS. (1) The
10 taxable incomes of partners shall be computed by including a pro rata
11 share of the modifications under Part II and sections 26 through 28 of
12 this act and the credits allowed under section 33 of this act, if the
13 modification or credit relates to the income of the partnership. Each
14 partner's pro rata share of a modification or credit is the amount of
15 modification or credit multiplied by a fraction. The numerator of the
16 fraction is the partner's distributive share of partnership income.
17 The denominator of the fraction is the total partnership income. The
18 fraction shall never be greater than one.

19 (2) The taxable incomes of shareholders of S corporations shall be
20 computed by including a share of the modifications under Part II and
21 sections 26 through 28 of this act and the credits allowed under
22 section 33 of this act, if the modification or credit relates to the
23 income of the S corporation. Each shareholder's share of a
24 modification or credit is the amount of modification or credit
25 multiplied by a fraction. The numerator of the fraction is the
26 shareholder's pro rata share of S corporation income. The denominator
27 of the fraction is the total S corporation income. The fraction shall
28 never be greater than one.

29 (3) As used in this section:

1 (a) "S corporation income" includes both distributed and
2 undistributed federal taxable income of the S corporation less any
3 amount subject to tax under section 33 of this act.

4 (b) "Pro rata share" means pro rata share as determined under
5 section 1366(a) of the internal revenue code.

6 NEW SECTION. **Sec. 30.** ESTATES, TRUSTS, AND BENEFICIARIES. (1)

7 The taxable incomes of estates, trusts, and beneficiaries thereof shall
8 be computed by including a share of the modifications under Part II and
9 sections 26 through 28 of this act and the credits allowed under
10 section 33 of this act.

11 Each taxpayer's share of a modification or credit is the amount of
12 modification or credit multiplied by a fraction. The numerator of the
13 fraction is the taxpayer's share of the distributable net income of the
14 estate or trust. The denominator of the fraction is the total
15 distributable net income of the estate or trust. The fraction shall
16 never be greater than one.

17 (2) As used in this section, "distributable net income" means
18 distributable net income as defined in the internal revenue code. If
19 an estate or trust has no federal distributable net income, the term
20 means the income of the estate or trust which is distributed or is
21 required to be distributed during the taxable year under local law or
22 the terms of the estate or trust instrument.

23 (3) Any portion of a modification that is not included in
24 calculating the taxable incomes of the beneficiaries shall be included
25 in calculating the taxable income of the trust or estate.

1 adjusted gross income from all sources. The fraction shall never be
2 greater than one.

3 NEW SECTION. **Sec. 33.** CREDIT FOR INCOME TAXES DUE ANOTHER
4 JURISDICTION. (1) The intent of this section is to prevent double
5 taxation of income potentially subject to tax in both Washington and
6 another jurisdiction.

7 (2) As used in this section, "another jurisdiction" means another
8 state or foreign country or a political subdivision of another state or
9 foreign country.

10 (3) A resident individual, estate, or trust is allowed a credit
11 against the tax imposed under this title equal to the lesser of:

12 (a) The amount of tax paid to another jurisdiction on net income
13 derived from sources within the other jurisdiction; or

14 (b) The amount of tax due under this title, before application of
15 credits allowable by this title, multiplied by a fraction. The
16 numerator of the fraction is the amount of the taxpayer's adjusted
17 gross income subject to tax in the other jurisdiction. The denominator
18 of the fraction is the taxpayer's total adjusted gross income as
19 modified under Part II of this title. The fraction shall never be
20 greater than one.

21 (4) If the laws of another jurisdiction contain a provision
22 exempting a resident of Washington from net income taxes on income
23 derived from sources in that jurisdiction, the director of revenue is
24 authorized to enter into a reciprocal agreement with that jurisdiction
25 providing a similar tax exemption for residents of that jurisdiction
26 for income derived from sources within Washington.

27 (5) The amount of tax credits received by any taxpayer under this
28 section shall not exceed the total amount of tax due, and there shall
29 be no carryback or carryforward of any unused credits.

1 NEW SECTION. **Sec. 34.** DUAL RESIDENCE. If an individual is
2 regarded as a resident both of this state and another jurisdiction for
3 state personal income tax purposes, the department shall reduce the tax
4 on that portion of the individual's income that is subjected to tax in
5 both jurisdictions solely by virtue of dual residence, if the other
6 taxing jurisdiction allows a similar reduction. The reduction shall
7 equal the lower of the two taxes applicable to the income taxed twice,
8 multiplied by a fraction. The numerator of the fraction is the tax
9 imposed by this state on the income taxed twice. The denominator of
10 the fraction is the tax imposed by both jurisdictions on the income
11 taxed twice. The fraction shall never be greater than one.

12 NEW SECTION. **Sec. 35.** CORPORATE PRIVILEGE TAXES IMPOSED. A tax
13 is imposed at the rate of nine percent for each taxable year on the
14 taxable income of corporations for the privilege of engaging in
15 business within the state.

16 NEW SECTION. **Sec. 36.** CREDIT FOR BUSINESS AND OCCUPATION TAXES
17 IMPOSED. (1) A credit is allowed for business and occupation taxes
18 under chapter 82.04 RCW on gross income subject to tax under this
19 title. The credit is allowable only against the tax imposed under this
20 title upon the income attributable to the activity taxed under chapter
21 82.04 RCW. The amount of the credit allowed under this section shall
22 not exceed the amount of tax due under this title.

23 (2) Unused credits under this section shall not be carried back to
24 previous tax years or carried forward to subsequent tax years.

25 NEW SECTION. **Sec. 37.** EXEMPTION--INSURERS. The taxes imposed in
26 this title do not apply to any person in respect to an insurance

1 business that is exempt from business and occupation tax under RCW
2 82.04.320.

3 **PART V**

4 **INCOME TAX--WITHHOLDING AND ESTIMATED TAX**

5 NEW SECTION. **Sec. 38.** EMPLOYER WITHHOLDING--REQUIREMENTS. (1)

6 Every employer making a payment of wages or salaries earned in this
7 state, regardless of the place where the payment is made, and who is
8 required by the internal revenue code to withhold taxes, shall deduct
9 and withhold tax as prescribed by the department by rule. The rules
10 prescribed shall reasonably reflect the annual tax liability under this
11 title of the employee. Every employer making such a deduction and
12 withholding shall furnish to the employee a record of the amount of tax
13 deducted and withheld from the employee on forms provided by the
14 department.

15 (2) If the employee is a resident of this state and earns income
16 from personal services entirely performed in another state that imposes
17 an income tax on the income, and the employer withholds income taxes
18 under the laws of the state in which the income is earned, the employer
19 is not required to withhold any tax imposed by this title on the income
20 if the laws of the state in which the income is earned allow a similar
21 exemption for its residents who earn income in this state.

22 NEW SECTION. **Sec. 39.** LIABILITY OF EMPLOYER FOR TAX WITHHELD.

23 Any person required to deduct and withhold the tax imposed by this
24 title is liable to the department for the payment of the amount
25 deducted and withheld, and is not liable to any other person for the
26 amount of tax deducted and withheld under this title or for the act of

1 withholding. The amount of tax so deducted and withheld shall be held
2 to be a special fund in trust for this state.

3 NEW SECTION. **Sec. 40.** CREDIT FOR TAX WITHHELD--HOW CLAIMED. The
4 amount deducted and withheld as tax under section 38 of this act during
5 any taxable year shall be allowed as a credit against the tax imposed
6 for the taxable year by this title. If the liability of any individual
7 for taxes, interest, penalties, or other amounts due the state of
8 Washington is less than the total amount of the credit that the
9 individual is entitled to claim under this section, the individual is
10 entitled to a refund from the department in the amount of the excess of
11 the credit over the amounts otherwise due. If any individual entitled
12 to claim a credit under this section is not otherwise required by this
13 title to file a return, a refund may be obtained in the amount of the
14 credit by filing a return, with applicable sections completed, to claim
15 the refund. No credit or refund is allowed under this section unless
16 the credit or refund is claimed on a return filed for the taxable year
17 for which the amount was deducted and withheld.

18 NEW SECTION. **Sec. 41.** WITHHOLDING--FAILURE TO PAY OR
19 COLLECT--PENALTIES. (1) The tax required by this title to be collected
20 by the employer shall be deemed to be held in trust by the employer
21 until paid to the department.

22 (2) In case any employer, or a responsible person within the
23 meaning of internal revenue code section 6672, fails to collect the tax
24 imposed by this title or having collected the tax fails to pay it to
25 the department, the employer or responsible person shall, nevertheless,
26 be personally liable to the state for the amount of the tax. The
27 interest and penalty provisions of chapter 82.32 RCW apply to this
28 section.

1 (2) Any person required to collect tax imposed under this title who
2 knowingly fails to collect, truthfully account for, or pay over the tax
3 is guilty of a class C felony as provided in chapter 9A.20 RCW.

4 (3) Any person who knowingly fails to pay tax, pay estimated tax,
5 make returns, keep records, or supply information, as required under
6 this title, is guilty of a gross misdemeanor as provided in chapter
7 9A.20 RCW.

8 **PART VII**

9 **INCOME TAX--ADMINISTRATION AND ENFORCEMENT**

10 NEW SECTION. **Sec. 44.** METHOD OF ACCOUNTING. (1) A taxpayer's
11 method of accounting for purposes of the tax imposed under this title
12 shall be the same as the taxpayer's method of accounting for federal
13 income tax purposes. If no method of accounting has been regularly
14 used by a taxpayer for federal income tax purposes or if the method
15 used does not clearly reflect income, tax due under this title shall be
16 computed by a method of accounting that in the opinion of the
17 department fairly reflects income.

18 (2) If a person's method of accounting is changed for federal
19 income tax purposes, it shall be similarly changed for purposes of this
20 title.

21 NEW SECTION. **Sec. 45.** PERSONS REQUIRED TO FILE RETURNS. (1) All
22 taxpayers shall file with the department, on forms prescribed by the
23 department, an income tax return for each taxable year. An individual
24 owing no tax for a taxable year is not required to file a return for
25 that year. Each person required to file a return under this title
26 shall, without assessment, notice, or demand, pay any tax due thereon

1 to the department on or before the date fixed for the filing of the
2 return.

3 (2) The department may by rule require that certain taxpayers file,
4 on forms prescribed by the department, informational returns for any
5 period.

6 (3) If an adjustment to a taxpayer's federal return is made by the
7 taxpayer or the internal revenue service, the taxpayer shall, within
8 ninety days of the final determination of the adjustment by the
9 internal revenue service or within thirty days of the filing of a
10 federal return adjusted by the taxpayer, file with the department on
11 forms prescribed by the department, a corrected return reflecting the
12 adjustments as finally determined. The taxpayer shall pay any
13 additional tax due resulting from the finally determined internal
14 revenue service adjustment or a taxpayer adjustment without notice and
15 assessment. Notwithstanding any provision of this title or any other
16 title to the contrary, the period of limitation for the collection of
17 the additional tax, interest, and penalty due as a result of an
18 adjustment by the taxpayer or a finally determined internal revenue
19 service adjustment shall begin at the later of thirty days following
20 the final determination of the adjustment or the date of the filing of
21 the corrected return.

22 NEW SECTION. **Sec. 46.** DUE DATE FOR FILING A RETURN--EXTENSIONS--
23 INTEREST AND PENALTIES. The due date of a return required to be filed
24 with the department shall be the due date of the federal income tax
25 return or informational return for federal income tax purposes. The
26 department shall have the authority to grant extensions of times by
27 which returns required to be filed by this title may be submitted. The
28 department shall also have the authority to grant extensions of time to
29 pay tax with regard to taxes imposed by this title. Interest at the

1 rate as specified in RCW 82.32.050 shall accrue during any extension
2 period and the interest and penalty provisions of chapter 82.32 RCW
3 shall apply to late payments and deficiencies. Notwithstanding the
4 limitation of RCW 82.32.090, in the case of the late filing of an
5 informational return, there shall be imposed a penalty the amount of
6 which shall be established by the department by rule. The penalty
7 shall not exceed fifty dollars per month for a maximum of ten months.
8 RCW 82.32.105 shall apply to this section.

9 NEW SECTION. **Sec. 47.** JOINT RETURN. (1) If the federal income
10 tax liabilities of both spouses are determined on a joint federal
11 return for the taxable year, they shall file a joint return under this
12 title.

13 (2) If neither spouse is required to file a federal income tax
14 return for the taxable year, a joint return shall be filed under this
15 title under the same conditions under which a joint return may be filed
16 for purposes of the federal income tax.

17 (3) If the federal income tax liability of either spouse is
18 determined on a separate federal return for the taxable year, they
19 shall file separate returns under this title.

20 (4) In any case in which a joint return is filed under this
21 section, the liability of the husband and wife is joint and several,
22 unless the spouse is relieved of liability under section 6013 of the
23 internal revenue code.

24 NEW SECTION. **Sec. 48.** RECORDS--RETURNS. (1) Every taxpayer and
25 every person required to deduct and withhold the tax imposed under this
26 title shall keep records, render statements, make returns, file
27 reports, and perform other acts as the department requires by rule.
28 Each return shall be made under penalty of perjury and on forms

1 prescribed by the department. The department may require other
2 statements and reports be made under penalty of perjury and on forms
3 prescribed by the department. The department may require any taxpayer
4 and any person required to deduct and withhold the tax imposed under
5 this title to furnish to the department a correct copy of any return or
6 document that the taxpayer has filed with the internal revenue service
7 or received from the internal revenue service.

8 (2) All books and records and other papers and documents required
9 to be kept under this title are subject to inspection by the department
10 at all times during business hours of the day.

11 NEW SECTION. **Sec. 49.** ESTIMATION AGREEMENTS. The department may
12 reasonably estimate the items of business or nonbusiness income of a
13 taxpayer having an office within the state and one or more other states
14 or foreign countries that may be apportioned or allocated to the state
15 and may enter into estimation agreements with such taxpayers for the
16 determination of their liability for the tax imposed by this title.

17 NEW SECTION. **Sec. 50.** PROVISIONS OF INTERNAL REVENUE CODE
18 CONTROL. (1) To the extent possible without being inconsistent with
19 this title, all of the provisions of the internal revenue code relating
20 to the following subjects apply to the taxes imposed under this title:

21 (a) Time of payment of tax deducted and withheld under section 38
22 of this act;

23 (b) Liability of transferees;

24 (c) Time and manner of making returns, extensions of time for
25 filing returns, verification of returns, and the time when a return is
26 deemed filed.

27 (2) The department by rule may provide modifications and exceptions
28 to the provisions listed in subsection (1) of this section, if

1 reasonably necessary to facilitate the prompt, efficient, and equitable
2 collection of tax under this title.

3 NEW SECTION. **Sec. 51.** REFUNDS OF OVERPAYMENTS--OTHER
4 ADMINISTRATIVE PROVISIONS. (1) The department shall refund all taxes
5 improperly paid or collected.

6 (2) The following sections apply to the administration of taxes
7 imposed under this title: RCW 82.32.020, 82.32.050, 82.32.060,
8 82.32.070, 82.32.090, 82.32.100, 82.32.105, 82.32.110, 82.32.120,
9 82.32.130, 82.32.140, 82.32.150, 82.32.160, 82.32.170, 82.32.180,
10 82.32.190, 82.32.200, 82.32.210, 82.32.220, 82.32.230, 82.32.235,
11 82.32.237, 82.32.240, 82.32.245, 82.32.260, 82.32.265, 82.32.300,
12 82.32.310, 82.32.320, 82.32.330, 82.32.340, 82.32.350, 82.32.360,
13 82.32.380, and 82.32.410.

14 NEW SECTION. **Sec. 52.** RULES. The department may adopt rules
15 under chapter 34.05 RCW for the administration and enforcement of this
16 title. The rules, to the extent possible without being inconsistent
17 with this title, shall follow the internal revenue code and the
18 regulations and rulings of the United States treasury department with
19 respect to the federal income tax. The department may adopt as a part
20 of these rules any portions of the internal revenue code and treasury
21 department regulations and rulings, in whole or in part.

22 **PART VIII**

23 **INCOME TAX--APPEALS**

24 **Sec. 53.** RCW 82.03.130 and 1989 c 378 s 4 are each amended to read
25 as follows:

1 The board shall have jurisdiction to decide the following types of
2 appeals:

3 (1) Appeals taken pursuant to RCW 82.03.190.

4 (2) Appeals from a county board of equalization pursuant to RCW
5 84.08.130.

6 (3) Appeals by an assessor or landowner from an order of the
7 director of revenue made pursuant to RCW 84.08.010 and 84.08.060, if
8 filed with the board of tax appeals within thirty days after the
9 mailing of the order, the right to such an appeal being hereby
10 established.

11 (4) Appeals by an assessor or owner of an intercounty public
12 utility or private car company from determinations by the director of
13 revenue of equalized assessed valuation of property and the
14 apportionment thereof to a county made pursuant to chapter 84.12 RCW
15 and 84.16 RCW, if filed with the board of tax appeals within thirty
16 days after mailing of the determination, the right to such appeal being
17 hereby established.

18 (5) Appeals by an assessor, landowner, or owner of an intercounty
19 public utility or private car company from a determination of any
20 county indicated ratio for such county compiled by the department of
21 revenue pursuant to RCW 84.48.075: PROVIDED, That

22 (a) Said appeal be filed after review of the ratio under RCW
23 84.48.075(3) and not later than fifteen days after the mailing of the
24 certification; and

25 (b) The hearing before the board shall be expeditiously held in
26 accordance with rules prescribed by the board and shall take precedence
27 over all matters of the same character.

28 (6) Appeals from the decisions of sale price of second class
29 shorelands on navigable lakes by the department of natural resources
30 pursuant to RCW 79.94.210.

1 (7) Appeals from urban redevelopment property tax apportionment
2 district proposals established by governmental ordinances pursuant to
3 RCW 39.88.060.

4 (8) Appeals from interest rates as determined by the department of
5 revenue for use in valuing farmland under current use assessment
6 pursuant to RCW 84.34.065.

7 (9) Appeals from revisions to stumpage value tables used to
8 determine value by the department of revenue pursuant to RCW 84.33.091.

9 (10) Appeals from denial of tax exemption application by the
10 department of revenue pursuant to RCW 84.36.850.

11 (11) Appeals relating to income tax deficiencies and refunds
12 including penalties and interest under Title 82A RCW (sections 1
13 through 52 of this act).

14 **Sec. 54.** RCW 82.03.140 and 1988 c 222 s 4 are each amended to read
15 as follows:

16 In all appeals over which the board has jurisdiction under RCW
17 82.03.130, a party taking an appeal may elect either a formal or an
18 informal hearing, such election to be made according to rules of
19 practice and procedure to be promulgated by the board: PROVIDED, That
20 nothing shall prevent the assessor or taxpayer, as a party to an appeal
21 pursuant to RCW 84.08.130, within twenty days from the date of the
22 receipt of the notice of appeal, from filing with the clerk of the
23 board notice of intention that the hearing be a formal one: PROVIDED,
24 HOWEVER, That nothing herein shall be construed to modify the
25 provisions of RCW 82.03.190: AND PROVIDED FURTHER, That upon an appeal
26 under RCW 82.03.130 (5) or (11), the director of revenue may, within
27 ten days from the date of its receipt of the notice of appeal, file
28 with the clerk of the board notice of its ~~((intention that the hearing~~
29 ~~be held pursuant to chapter 34.05 RCW))~~ election of a formal hearing.

1 In the event that appeals are taken from the same decision, order, or
2 determination, as the case may be, by different parties and only one of
3 such parties elects a formal hearing, a formal hearing shall be
4 granted.

5 **PART IX**

6 **CONFORMING AMENDMENTS**

7 **Sec. 55.** RCW 2.10.180 and 1991 c 365 s 18 are each amended to read
8 as follows:

9 (1) Except as provided in subsections (2), (3), ~~((and))~~ (4), and
10 (5) of this section, the right of a person to a retirement allowance,
11 disability allowance, or death benefit, the retirement, disability or
12 death allowance itself, any optional benefit, any other right accrued
13 or accruing to any person under the provisions of this chapter, and the
14 moneys in the fund created under this chapter, are hereby exempt from
15 any state, county, municipal, or other local tax and shall not be
16 subject to execution, garnishment, or any other process of law
17 whatsoever.

18 (2) Subsection (1) of this section shall not be deemed to prohibit
19 a beneficiary of a retirement allowance from authorizing deductions
20 therefrom for payment of premiums due on any group insurance policy or
21 plan issued for the benefit of a group comprised of public employees of
22 the state of Washington.

23 (3) Deductions made in the past from retirement benefits are hereby
24 expressly recognized, ratified, and affirmed. Future deductions may
25 only be made in accordance with this section.

26 (4) Subsection (1) of this section shall not prohibit the
27 department of retirement systems from complying with (a) a wage
28 assignment order for child support issued pursuant to chapter 26.18

1 RCW, (b) a notice of payroll deduction issued under chapter 26.23 RCW,
2 (c) an order to withhold and deliver issued pursuant to chapter 74.20A
3 RCW, (d) a mandatory benefits assignment order issued pursuant to
4 chapter 41.50 RCW, (e) a court order directing the department of
5 retirement systems to pay benefits directly to an obligee under a
6 dissolution order as defined in RCW 41.50.500(3) which fully complies
7 with RCW 41.50.670 and 41.50.700, or (f) any administrative or court
8 order expressly authorized by federal law.

9 (5) Subsection (1) of this section does not exempt any pension or
10 other benefit received under this chapter from tax under Title 82A RCW
11 (sections 1 through 52 of this act), nor does it prohibit the
12 department of retirement systems from complying with the tax
13 withholding requirements of that title.

14 **Sec. 56.** RCW 2.12.090 and 1991 c 365 s 19 are each amended to read
15 as follows:

16 (1) Except as provided in subsections (2), (3), ~~((and))~~ (4), and
17 (5) of this section, the right of any person to a retirement allowance
18 or optional retirement allowance under the provisions of this chapter
19 and all moneys and investments and income thereof are exempt from any
20 state, county, municipal, or other local tax and shall not be subject
21 to execution, garnishment, attachment, the operation of bankruptcy or
22 the insolvency laws, or other processes of law whatsoever and shall be
23 unassignable except as herein specifically provided.

24 (2) Subsection (1) of this section shall not prohibit the
25 department of retirement systems from complying with (a) a wage
26 assignment order for child support issued pursuant to chapter 26.18
27 RCW, (b) a notice of payroll deduction issued under chapter 26.23 RCW,
28 (c) an order to withhold and deliver issued pursuant to chapter 74.20A
29 RCW, (d) a mandatory benefits assignment order issued pursuant to

1 chapter 41.50 RCW, (e) a court order directing the department of
2 retirement systems to pay benefits directly to an obligee under a
3 dissolution order as defined in RCW 41.50.500(3) which fully complies
4 with RCW 41.50.670 and 41.50.700, or (f) any administrative or court
5 order expressly authorized by federal law.

6 (3) Subsection (1) of this section shall not be deemed to prohibit
7 a beneficiary of a retirement allowance from authorizing deductions
8 therefrom for payment of premiums due on any group insurance policy or
9 plan issued for the benefit of a group comprised of public employees of
10 the state of Washington.

11 (4) Deductions made in the past from retirement benefits are hereby
12 expressly recognized, ratified, and affirmed. Future deductions may
13 only be made in accordance with this section.

14 (5) Subsection (1) of this section does not exempt any pension or
15 other benefit received under this chapter from tax under Title 82A RCW
16 (sections 1 through 52 of this act), nor does it prohibit the
17 department of retirement systems from complying with the tax
18 withholding requirements of that title.

19 **Sec. 57.** RCW 6.13.030 and 1991 c 123 s 2 are each amended to read
20 as follows:

21 A homestead may consist of lands, as described in RCW 6.13.010,
22 regardless of area, but the homestead exemption amount shall not exceed
23 the lesser of (1) the total net value of the lands, mobile home, and
24 improvements as described in RCW 6.13.010, or (2) the sum of thirty
25 thousand dollars(~~(, except where the homestead is subject to execution,~~
26 ~~attachment, or seizure by or under any legal process whatever to~~
27 ~~satisfy a judgment in favor of any state for failure to pay that~~
28 ~~state's income tax on benefits received while a resident of the state~~

1 of Washington from a pension or other retirement plan, in which event
2 there shall be no dollar limit on the value of the exemption)).

3 **Sec. 58.** RCW 41.24.240 and 1989 c 360 s 26 and 1989 c 91 s 21 are
4 each reenacted and amended to read as follows:

5 (1) The right of any person to any future payment under the
6 provisions of this chapter shall not be transferable or assignable at
7 law or in equity, and none of the moneys paid or payable or the rights
8 existing under this chapter, shall be subject to execution, levy,
9 attachment, garnishment, or other legal process, or to the operation of
10 any bankruptcy or insolvency law. This section shall not be applicable
11 to any child support collection action taken under chapter 26.18,
12 26.23, or 74.20A RCW. Benefits under this chapter shall be payable to
13 a spouse or ex-spouse to the extent expressly provided for in any court
14 decree of dissolution or legal separation or in any court order or
15 court-approved property settlement agreement incident to any court
16 decree of dissolution or legal separation.

17 (2) Nothing in this chapter shall be construed to deprive any fire
18 fighter, eligible to receive a pension hereunder, from receiving a
19 pension under any other act to which that fire fighter may become
20 eligible by reason of services other than or in addition to his or her
21 services as a fire fighter under this chapter.

22 (3) Subsection (1) of this section does not exempt any pension or
23 other benefit received under this chapter from tax under Title 82A RCW
24 (sections 1 through 52 of this act), nor does it prohibit the
25 department of retirement systems from complying with the tax
26 withholding requirements of that title.

27 **Sec. 59.** RCW 41.26.180 and 1991 c 365 s 20 and 1991 c 35 s 25 are
28 each reenacted and amended to read as follows:

1 (1) Subject to subsections (2) (~~and~~), (3), and (4) of this
2 section, the right of a person to a retirement allowance, disability
3 allowance, or death benefit, to the return of accumulated
4 contributions, the retirement, disability or death allowance itself,
5 any optional benefit, any other right accrued or accruing to any person
6 under the provisions of this chapter, and the moneys in the fund
7 created under this chapter, are hereby exempt from any state, county,
8 municipal, or other local tax and shall not be subject to execution,
9 garnishment, attachment, the operation of bankruptcy or insolvency
10 laws, or any other process of law whatsoever, and shall be
11 unassignable.

12 (2) On the written request of any person eligible to receive
13 benefits under this section, the department may deduct from such
14 payments the premiums for life, health, or other insurance. The
15 request on behalf of any child or children shall be made by the legal
16 guardian of such child or children. The department may provide for
17 such persons one or more plans of group insurance, through contracts
18 with regularly constituted insurance carriers or health care service
19 contractors.

20 (3) Subsection (1) of this section shall not prohibit the
21 department from complying with (a) a wage assignment order for child
22 support issued pursuant to chapter 26.18 RCW, (b) an order to withhold
23 and deliver issued pursuant to chapter 74.20A RCW, (c) a notice of
24 payroll deduction issued pursuant to RCW 26.23.060, (d) a mandatory
25 benefits assignment order issued by the department, (e) a court order
26 directing the department of retirement systems to pay benefits directly
27 to an obligee under a dissolution order as defined in RCW 41.50.500(3)
28 which fully complies with RCW 41.50.670 and 41.50.700, or (f) any
29 administrative or court order expressly authorized by federal law.

1 (4) Subsection (1) of this section does not exempt any pension or
2 other benefit received under this chapter from tax under Title 82A RCW
3 (sections 1 through 52 of this act), nor does it prohibit the
4 department of retirement systems from complying with the tax
5 withholding requirements of that title.

6 **Sec. 60.** RCW 41.44.240 and 1989 c 360 s 28 are each amended to
7 read as follows:

8 (1) The right of a person to a pension, annuity or a retirement
9 allowance, to the return of contribution, the pension, annuity or
10 retirement allowance itself, any optional benefit, any other right
11 accrued or accruing to any person under the provisions of this chapter,
12 and the moneys in the fund created under this chapter shall not be
13 subject to execution, garnishment, or any other process whatsoever.

14 (2) This section shall not apply to child support collection
15 actions taken under chapter 26.18, 26.23, or 74.20A RCW against
16 benefits payable under any such plan or arrangement. Benefits under
17 this chapter shall be payable to a spouse or ex-spouse to the extent
18 expressly provided for in any court decree of dissolution or legal
19 separation or in any court order or court-approved property settlement
20 agreement incident to any court decree of dissolution or legal
21 separation.

22 (3) Subsection (1) of this section does not exempt any pension or
23 other benefit received under this chapter from tax under Title 82A RCW
24 (sections 1 through 52 of this act), nor does it prohibit the
25 department of retirement systems from complying with the tax
26 withholding requirements of that title.

27 **Sec. 61.** RCW 41.32.052 and 1991 c 365 s 21 and 1991 c 35 s 63 are
28 each reenacted and amended to read as follows:

1 (1) Subject to subsections (2) (~~and~~), (3), and (4) of this
2 section, the right of a person to a pension, an annuity, a retirement
3 allowance, or disability allowance, to the return of contributions, any
4 optional benefit or death benefit, any other right accrued or accruing
5 to any person under the provisions of this chapter and the moneys in
6 the various funds created by this chapter shall be unassignable, and
7 are hereby exempt from any state, county, municipal or other local tax,
8 and shall not be subject to execution, garnishment, attachment, the
9 operation of bankruptcy or insolvency laws, or other process of law
10 whatsoever.

11 (2) This section shall not be deemed to prohibit a beneficiary of
12 a retirement allowance who is eligible:

13 (a) Under RCW 41.05.080 from authorizing monthly deductions
14 therefrom for payment of premiums due on any group insurance policy or
15 plan issued for the benefit of a group comprised of public employees of
16 the state of Washington or its political subdivisions;

17 (b) Under a group health care benefit plan approved pursuant to RCW
18 28A.400.350 or 41.05.065 from authorizing monthly deductions therefrom,
19 of the amount or amounts of subscription payments, premiums, or
20 contributions to any person, firm, or corporation furnishing or
21 providing medical, surgical, and hospital care or other health care
22 insurance; or

23 (c) Under this system from authorizing monthly deductions therefrom
24 for payment of dues and other membership fees to any retirement
25 association composed of retired teachers and/or public employees
26 pursuant to a written agreement between the director and the retirement
27 association.

28 Deductions under (a) and (b) of this subsection shall be made in
29 accordance with rules that may be adopted by the director.

1 (3) Subsection (1) of this section shall not prohibit the
2 department from complying with (a) a wage assignment order for child
3 support issued pursuant to chapter 26.18 RCW, (b) an order to withhold
4 and deliver issued pursuant to chapter 74.20A RCW, (c) a notice of
5 payroll deduction issued pursuant to RCW 26.23.060, (d) a mandatory
6 benefits assignment order issued by the department, (e) a court order
7 directing the department of retirement systems to pay benefits directly
8 to an obligee under a dissolution order as defined in RCW 41.50.500(3)
9 which fully complies with RCW 41.50.670 and 41.50.700, or (f) any
10 administrative or court order expressly authorized by federal law.

11 (4) Subsection (1) of this section does not exempt any pension or
12 other benefit received under this chapter from tax under Title 82A RCW
13 (sections 1 through 52 of this act), nor does it prohibit the
14 department of retirement systems from complying with the tax
15 withholding requirements of that title.

16 **Sec. 62.** RCW 41.40.052 and 1991 c 365 s 22 and 1991 c 35 s 92 are
17 each reenacted and amended to read as follows:

18 (1) Subject to subsections (2) ~~((and))~~, (3), and (4) of this
19 section, the right of a person to a pension, an annuity, or retirement
20 allowance, any optional benefit, any other right accrued or accruing to
21 any person under the provisions of this chapter, the various funds
22 created by this chapter, and all moneys and investments and income
23 thereof, are hereby exempt from any state, county, municipal, or other
24 local tax, and shall not be subject to execution, garnishment,
25 attachment, the operation of bankruptcy or insolvency laws, or other
26 process of law whatsoever, and shall be unassignable.

27 (2) This section shall not be deemed to prohibit a beneficiary of
28 a retirement allowance from authorizing deductions therefrom for
29 payment of premiums due on any group insurance policy or plan issued

1 for the benefit of a group comprised of public employees of the state
2 of Washington or its political subdivisions and which has been approved
3 for deduction in accordance with rules that may be adopted by the state
4 health care authority and/or the department, and this section shall not
5 be deemed to prohibit a beneficiary of a retirement allowance from
6 authorizing deductions therefrom for payment of dues and other
7 membership fees to any retirement association or organization the
8 membership of which is composed of retired public employees, if a total
9 of three hundred or more of such retired employees have authorized such
10 deduction for payment to the same retirement association or
11 organization.

12 (3) Subsection (1) of this section shall not prohibit the
13 department from complying with (a) a wage assignment order for child
14 support issued pursuant to chapter 26.18 RCW, (b) an order to withhold
15 and deliver issued pursuant to chapter 74.20A RCW, (c) a notice of
16 payroll deduction issued pursuant to RCW 26.23.060, (d) a mandatory
17 benefits assignment order issued by the department, (e) a court order
18 directing the department of retirement systems to pay benefits directly
19 to an obligee under a dissolution order as defined in RCW 41.50.500(3)
20 which fully complies with RCW 41.50.670 and 41.50.700, or (f) any
21 administrative or court order expressly authorized by federal law.

22 (4) Subsection (1) of this section does not exempt any pension or
23 other benefit received under this chapter from tax under Title 82A RCW
24 (sections 1 through 52 of this act), nor does it prohibit the
25 department of retirement systems from complying with the tax
26 withholding requirements of that title.

27 **Sec. 63.** RCW 43.43.310 and 1991 c 365 s 23 are each amended to
28 read as follows:

1 (1) Except as provided in subsections (2) ~~((and))~~, (3), and (4) of
2 this section, the right of any person to a retirement allowance or
3 optional retirement allowance under the provisions hereof and all
4 moneys and investments and income thereof are exempt from any state,
5 county, municipal, or other local tax and shall not be subject to
6 execution, garnishment, attachment, the operation of bankruptcy or the
7 insolvency laws, or other processes of law whatsoever and shall be
8 unassignable except as herein specifically provided.

9 (2) Subsection (1) of this section shall not prohibit the
10 department of retirement systems from complying with (a) a wage
11 assignment order for child support issued pursuant to chapter 26.18
12 RCW, (b) an order to withhold and deliver issued pursuant to chapter
13 74.20A RCW, (c) a notice of payroll deduction issued pursuant to RCW
14 26.23.060, (d) a mandatory benefits assignment order issued pursuant to
15 chapter 41.50 RCW, (e) a court order directing the department of
16 retirement systems to pay benefits directly to an obligee under a
17 dissolution order as defined in RCW 41.50.500(3) which fully complies
18 with RCW 41.50.670 and 41.50.700, or (f) any administrative or court
19 order expressly authorized by federal law.

20 (3) Subsection (1) of this section shall not be deemed to prohibit
21 a beneficiary of a retirement allowance from authorizing deductions
22 therefrom for payment of premiums due on any group insurance policy or
23 plan issued for the benefit of a group comprised of members of the
24 Washington state patrol or other public employees of the state of
25 Washington, or for contributions to the Washington state patrol
26 memorial foundation.

27 (4) Subsection (1) of this section does not exempt any pension or
28 other benefit received under this chapter from tax under Title 82A RCW
29 (sections 1 through 52 of this act), nor does it prohibit the

1 department of retirement systems from complying with the tax
2 withholding requirements of that title.

3 **PART X**

4 **EXCISE TAX REDUCTIONS**

5 **Sec. 64.** RCW 82.04.230 and 1971 ex.s. c 281 s 2 are each amended
6 to read as follows:

7 Upon every person engaging within this state in business as an
8 extractor; as to such persons the amount of the tax with respect to
9 such business shall be equal to the value of the products, including
10 byproducts, extracted for sale or for commercial or industrial use,
11 multiplied by the rate of (~~forty-four one-hundredths~~) .242 of one
12 percent;

13 The measure of the tax is the value of the products, including
14 byproducts, so extracted, regardless of the place of sale or the fact
15 that deliveries may be made to points outside the state.

16 **Sec. 65.** RCW 82.04.240 and 1981 c 172 s 1 are each amended to read
17 as follows:

18 Upon every person except persons taxable under subsections (2),
19 (3), (4), (5), (7), (8), or (9) of RCW 82.04.260 engaging within this
20 state in business as a manufacturer; as to such persons the amount of
21 the tax with respect to such business shall be equal to the value of
22 the products, including byproducts, manufactured, multiplied by the
23 rate of (~~forty-four one-hundredths~~) .242 of one percent.

24 The measure of the tax is the value of the products, including
25 byproducts, so manufactured regardless of the place of sale or the fact
26 that deliveries may be made to points outside the state.

1 **Sec. 66.** RCW 82.04.250 and 1981 c 172 s 2 are each amended to read
2 as follows:

3 Upon every person except persons taxable under RCW 82.04.260(8)
4 engaging within this state in the business of making sales at retail,
5 as to such persons, the amount of tax with respect to such business
6 shall be equal to the gross proceeds of sales of the business,
7 multiplied by the rate of (~~forty-four one-hundredths~~) .2354 of one
8 percent; except for the act or privilege of engaging in the business
9 activity of making sales at retail which are exempt from the tax
10 imposed under chapter 82.08 RCW by reason of RCW 82.08.0261,
11 82.08.0262, or 82.08.0263, then the rate of tax shall be .242 of one
12 percent.

13 **Sec. 67.** RCW 82.04.255 and 1985 c 32 s 2 are each amended to read
14 as follows:

15 Upon every person engaging within the state as a real estate
16 broker; as to such persons, the amount of the tax with respect to such
17 business shall be equal to the gross income of the business, multiplied
18 by the rate of (~~1.50~~) .75 percent.

19 The measure of the tax on real estate commissions earned by the
20 real estate broker shall be the gross commission earned by the
21 particular real estate brokerage office including that portion of the
22 commission paid to salesmen or associate brokers in the same office on
23 a particular transaction: PROVIDED, HOWEVER, That where a real estate
24 commission is divided between an originating brokerage office and a
25 cooperating brokerage office on a particular transaction, each
26 brokerage office shall pay the tax only upon their respective shares of
27 said commission: AND PROVIDED FURTHER, That where the brokerage office
28 has paid the tax as provided herein, salesmen or associate brokers

1 within the same brokerage office shall not be required to pay a similar
2 tax upon the same transaction.

3 **Sec. 68.** RCW 82.04.260 and 1991 c 272 s 15 are each amended to
4 read as follows:

5 (1) Upon every person engaging within this state in the business of
6 buying wheat, oats, dry peas, dry beans, lentils, triticale, corn, rye
7 and barley, but not including any manufactured or processed products
8 thereof, and selling the same at wholesale; the tax imposed shall be
9 equal to the gross proceeds derived from such sales multiplied by the
10 rate of (~~one one hundredth~~) .0055 of one percent.

11 (2) Upon every person engaging within this state in the business of
12 manufacturing wheat into flour, barley into pearl barley, soybeans into
13 soybean oil, or sunflower seeds into sunflower oil; as to such persons
14 the amount of tax with respect to such business shall be equal to the
15 value of the flour, pearl barley, or oil manufactured, multiplied by
16 the rate of (~~one eighth~~) .06875 of one percent.

17 (3) Upon every person engaging within this state in the business of
18 splitting or processing dried peas; as to such persons the amount of
19 tax with respect to such business shall be equal to the value of the
20 peas split or processed, multiplied by the rate of (~~one quarter~~)
21 .01375 of one percent.

22 (4) Upon every person engaging within this state in the business of
23 manufacturing seafood products which remain in a raw, raw frozen, or
24 raw salted state at the completion of the manufacturing by that person;
25 as to such persons the amount of tax with respect to such business
26 shall be equal to the value of the products manufactured, multiplied by
27 the rate of (~~one eighth~~) .06875 of one percent.

28 (5) Upon every person engaging within this state in the business of
29 manufacturing by canning, preserving, freezing or dehydrating fresh

1 fruits and vegetables; as to such persons the amount of tax with
2 respect to such business shall be equal to the value of the products
3 canned, preserved, frozen or dehydrated multiplied by the rate of
4 (~~three tenths~~) .165 of one percent.

5 (6) Upon every nonprofit corporation and nonprofit association
6 engaging within this state in research and development, as to such
7 corporations and associations, the amount of tax with respect to such
8 activities shall be equal to the gross income derived from such
9 activities multiplied by the rate of (~~forty four one hundredths~~) .242
10 of one percent.

11 (7) Upon every person engaging within this state in the business of
12 slaughtering, breaking and/or processing perishable meat products
13 and/or selling the same at wholesale only and not at retail; as to such
14 persons the tax imposed shall be equal to the gross proceeds derived
15 from such sales multiplied by the rate of (~~twenty five one hundredths~~
16 ~~of one percent through June 30, 1986, and one eighth~~) .06875 of one
17 percent thereafter.

18 (8) Upon every person engaging within this state in the business of
19 making sales, at retail or wholesale, of nuclear fuel assemblies
20 manufactured by that person, as to such persons the amount of tax with
21 respect to such business shall be equal to the gross proceeds of sales
22 of the assemblies multiplied by the rate of (~~twenty five one~~
23 ~~hundredths~~) .1375 of one percent.

24 (9) Upon every person engaging within this state in the business of
25 manufacturing nuclear fuel assemblies, as to such persons the amount of
26 tax with respect to such business shall be equal to the value of the
27 products manufactured multiplied by the rate of (~~twenty five one~~
28 ~~hundredths~~) .1375 of one percent.

29 (10) Upon every person engaging within this state in the business
30 of acting as a travel agent; as to such persons the amount of the tax

1 with respect to such activities shall be equal to the gross income
2 derived from such activities multiplied by the rate of (~~twenty-five~~
3 ~~one-hundredths~~) .1375 of one percent.

4 (11) Upon every person engaging within this state in business as an
5 international steamship agent, international customs house broker,
6 international freight forwarder, vessel and/or cargo charter broker in
7 foreign commerce, and/or international air cargo agent; as to such
8 persons the amount of the tax with respect to only international
9 activities shall be equal to the gross income derived from such
10 activities multiplied by the rate of (~~thirty-three one-hundredths~~)
11 .1815 of one percent.

12 (12) Upon every person engaging within this state in the business
13 of stevedoring and associated activities pertinent to the movement of
14 goods and commodities in waterborne interstate or foreign commerce; as
15 to such persons the amount of tax with respect to such business shall
16 be equal to the gross proceeds derived from such activities multiplied
17 by the rate of (~~thirty-three one-hundredths~~) .1815 of one percent.
18 Persons subject to taxation under this subsection shall be exempt from
19 payment of taxes imposed by chapter 82.16 RCW for that portion of their
20 business subject to taxation under this subsection. Stevedoring and
21 associated activities pertinent to the conduct of goods and commodities
22 in waterborne interstate or foreign commerce are defined as all
23 activities of a labor, service or transportation nature whereby cargo
24 may be loaded or unloaded to or from vessels or barges, passing over,
25 onto or under a wharf, pier, or similar structure; cargo may be moved
26 to a warehouse or similar holding or storage yard or area to await
27 further movement in import or export or may move to a consolidation
28 freight station and be stuffed, unstuffed, containerized, separated or
29 otherwise segregated or aggregated for delivery or loaded on any mode
30 of transportation for delivery to its consignee. Specific activities

1 included in this definition are: Wharfage, handling, loading,
2 unloading, moving of cargo to a convenient place of delivery to the
3 consignee or a convenient place for further movement to export mode;
4 documentation services in connection with the receipt, delivery,
5 checking, care, custody and control of cargo required in the transfer
6 of cargo; imported automobile handling prior to delivery to consignee;
7 terminal stevedoring and incidental vessel services, including but not
8 limited to plugging and unplugging refrigerator service to containers,
9 trailers, and other refrigerated cargo receptacles, and securing ship
10 hatch covers.

11 (13) Upon every person engaging within this state in the business
12 of disposing of low-level waste, as defined in RCW 43.145.010; as to
13 such persons the amount of the tax with respect to such business shall
14 be equal to the gross income of the business, excluding any fees
15 imposed under chapter 43.200 RCW, multiplied by the rate of fifteen
16 percent.

17 (a) The rate specified in this subsection shall be reduced to ten
18 percent on May 20, 1991.

19 (b) The rate specified in this subsection shall be further reduced
20 to five percent on January 1, 1992.

21 (c) The rate specified in this subsection shall be further reduced
22 to ((three)) 1.65 percent on July 1, 1993.

23 If the gross income of the taxpayer is attributable to activities
24 both within and without this state, the gross income attributable to
25 this state shall be determined in accordance with the methods of
26 apportionment required under RCW 82.04.460.

27 (14) Upon every person engaging within this state as an insurance
28 agent, insurance broker, or insurance solicitor licensed under chapter
29 48.17 RCW; as to such persons, the amount of the tax with respect to

1 such licensed activities shall be equal to the gross income of such
2 business multiplied by the rate of (~~one~~) .55 percent.

3 **Sec. 69.** RCW 82.04.270 and 1981 c 172 s 4 are each amended to read
4 as follows:

5 (1) Upon every person except persons taxable under subsections (1)
6 or (8) of RCW 82.04.260 engaging within this state in the business of
7 making sales at wholesale; as to such persons the amount of tax with
8 respect to such business shall be equal to the gross proceeds of sales
9 of such business multiplied by the rate of (~~forty-four-one-~~
10 ~~hundredths~~) .242 of one percent.

11 (2) The tax imposed by this section is levied and shall be
12 collected from every person engaged in the business of distributing in
13 this state articles of tangible personal property, owned by them from
14 their own warehouse or other central location in this state to two or
15 more of their own retail stores or outlets, where no change of title or
16 ownership occurs, the intent hereof being to impose a tax equal to the
17 wholesaler's tax upon persons performing functions essentially
18 comparable to those of a wholesaler, but not actually making sales:
19 PROVIDED, That the tax designated in this section may not be assessed
20 twice to the same person for the same article. The amount of the tax
21 as to such persons shall be computed by multiplying (~~forty-four-one-~~
22 ~~hundredths~~) .242 of one percent of the value of the article so
23 distributed as of the time of such distribution: PROVIDED, That
24 persons engaged in the activities described in this subsection shall
25 not be liable for the tax imposed if by proper invoice it can be shown
26 that they have purchased such property from a wholesaler who has paid
27 a business and occupation tax to the state upon the same articles.
28 This proviso shall not apply to purchases from manufacturers as defined
29 in RCW 82.04.110. The department of revenue shall prescribe uniform

1 and equitable rules for the purpose of ascertaining such value, which
2 value shall correspond as nearly as possible to the gross proceeds from
3 sales at wholesale in this state of similar articles of like quality
4 and character, and in similar quantities by other taxpayers: PROVIDED
5 FURTHER, That delivery trucks or vans will not under the purposes of
6 this section be considered to be retail stores or outlets.

7 **Sec. 70.** RCW 82.04.280 and 1986 c 226 s 2 are each amended to read
8 as follows:

9 Upon every person engaging within this state in the business of:

- 10 (1) Printing, and of publishing newspapers, periodicals or magazines;
11 (2) building, repairing or improving any street, place, road, highway,
12 easement, right of way, mass public transportation terminal or parking
13 facility, bridge, tunnel, or trestle which is owned by a municipal
14 corporation or political subdivision of the state or by the United
15 States and which is used or to be used, primarily for foot or vehicular
16 traffic including mass transportation vehicles of any kind and
17 including any readjustment, reconstruction or relocation of the
18 facilities of any public, private or cooperatively owned utility or
19 railroad in the course of such building, repairing or improving, the
20 cost of which readjustment, reconstruction, or relocation, is the
21 responsibility of the public authority whose street, place, road,
22 highway, easement, right of way, mass public transportation terminal or
23 parking facility, bridge, tunnel, or trestle is being built, repaired
24 or improved; (3) extracting for hire or processing for hire; (4)
25 operating a cold storage warehouse or storage warehouse, but not
26 including the rental of cold storage lockers; (5) representing and
27 performing services for fire or casualty insurance companies as an
28 independent resident managing general agent licensed under the
29 provisions of RCW 48.05.310; (6) radio and television broadcasting,

1 excluding network, national and regional advertising computed as a
2 standard deduction based on the national average thereof as annually
3 reported by the Federal Communications Commission, or in lieu thereof
4 by itemization by the individual broadcasting station, and excluding
5 that portion of revenue represented by the out-of-state audience
6 computed as a ratio to the station's total audience as measured by the
7 100 micro-volt signal strength and delivery by wire, if any; (7)
8 engaging in activities which bring a person within the definition of
9 consumer contained in RCW 82.04.190(6), as now or hereafter amended; as
10 to such persons, the amount of tax on such business shall be equal to
11 the gross income of the business multiplied by the rate of (~~forty-four~~
12 ~~one hundredths~~) .242 of one percent.

13 As used in this section, "cold storage warehouse" means a storage
14 warehouse used to store fresh and/or frozen perishable fruits or
15 vegetables, meat, seafood, dairy products, or fowl, or any combination
16 thereof, at a desired temperature to maintain the quality of the
17 product for orderly marketing.

18 As used in this section, "storage warehouse" means a building or
19 structure, or any part thereof, in which goods, wares, or merchandise
20 are received for storage for compensation, except field warehouses,
21 fruit warehouses, fruit packing plants, warehouses licensed under
22 chapter 22.09 RCW, public garages storing automobiles, railroad freight
23 sheds, docks and wharves, and "self-storage" or "mini storage"
24 facilities whereby customers have direct access to individual storage
25 areas by separate entrance.

26 **Sec. 71.** RCW 82.04.290 and 1985 c 32 s 3 are each amended to read
27 as follows:

28 Upon every person engaging within this state in any business
29 activity other than or in addition to those enumerated in RCW

1 82.04.230, 82.04.240, 82.04.250, 82.04.255, 82.04.260, 82.04.270, and
2 82.04.280; as to such persons the amount of tax on account of such
3 activities shall be equal to the gross income of the business
4 multiplied by the rate of ~~((1.50))~~ .75 percent. This section includes,
5 among others, and without limiting the scope hereof (whether or not
6 title to materials used in the performance of such business passes to
7 another by accession, confusion or other than by outright sale),
8 persons engaged in the business of rendering any type of service which
9 does not constitute a "sale at retail" or a "sale at wholesale." The
10 value of advertising, demonstration, and promotional supplies and
11 materials furnished to an agent by his principal or supplier to be used
12 for informational, educational and promotional purposes shall not be
13 considered a part of the agent's remuneration or commission and shall
14 not be subject to taxation under this section.

15 **Sec. 72.** RCW 82.08.020 and 1985 c 32 s 1 are each amended to read
16 as follows:

17 (1) There is levied and there shall be collected a tax on each
18 retail sale in this state equal to ~~((six and five tenths))~~ three and
19 twenty-five one-hundredths percent of the selling price.

20 (2) The tax imposed under this chapter shall apply to successive
21 retail sales of the same property.

22 (3) The rate provided in this section applies to taxes imposed
23 under chapter 82.12 RCW as provided in RCW 82.12.020.

24 NEW SECTION. **Sec. 73.** (1) The following acts or parts of acts are
25 each repealed:

26 (a) RCW 82.04.2901 and 1985 c 32 s 4; and

27 (b) RCW 82.04.2904 and 1985 c 32 s 5, 1983 2nd ex.s. c 3 s 3, &
28 1983 c 9 s 3.

1 (2) The repeals under subsection (1) of this section shall not be
2 construed as affecting any existing right acquired or any liability or
3 obligation incurred under the statutes repealed or under any rule,
4 regulation, or order adopted pursuant thereto; nor as affecting any
5 proceeding instituted thereunder.

6 NEW SECTION. **Sec. 74.** (1) The following acts or parts of acts are
7 each repealed:

8 (a) RCW 6.15.025 and 1991 c 123 s 3;

9 (b) RCW 84.52.065 and 1991 sp.s. c 31 s 16, 1979 ex.s. c 218 s 1,
10 1973 1st ex.s. c 195 s 106, 1971 ex.s. c 299 s 25, 1969 ex.s. c 216 s
11 2, & 1967 ex.s. c 133 s 1; and

12 (c) RCW 84.52.067 and 1967 ex.s. c 133 s 2.

13 (2) The repeals under subsection (1) of this section shall not be
14 construed as affecting any existing right acquired or any liability or
15 obligation incurred under the statutes repealed or under any rule,
16 regulation, or order adopted pursuant thereto; nor as affecting any
17 proceeding instituted thereunder.

18 **PART XI**

19 **ELIMINATION OF STATE PROPERTY TAX**

20 NEW SECTION. **Sec. 75.** A new section is added to chapter 84.52 RCW
21 to read as follows:

22 The state shall not levy ad valorem property taxes under Title 84
23 RCW for collection in 1994, nor thereafter.

24 This section does not affect property taxes levied for collection
25 in years prior to 1994.

1 **Sec. 76.** RCW 84.52.043 and 1990 c 234 s 1 are each amended to read
2 as follows:

3 Within and subject to the limitations imposed by RCW 84.52.050 as
4 amended, the regular ad valorem tax levies upon real and personal
5 property by the taxing districts hereafter named shall be as follows:

6 (1) Levies of the senior taxing districts shall be as follows: (a)
7 The ~~((levy by the state shall not exceed three dollars and sixty cents~~
8 ~~per thousand dollars of assessed value adjusted to the state equalized~~
9 ~~value in accordance with the indicated ratio fixed by the state~~
10 ~~department of revenue to be used exclusively for the support of the~~
11 ~~common schools; (b) the))~~ levy by any county shall not exceed one
12 dollar and eighty cents per thousand dollars of assessed value; ~~((+e))~~
13 (b) the levy by any road district shall not exceed two dollars and
14 twenty-five cents per thousand dollars of assessed value; and ~~((+d))~~
15 (c) the levy by any city or town shall not exceed three dollars and
16 thirty-seven and one-half cents per thousand dollars of assessed value.
17 However any county is hereby authorized to increase its levy from one
18 dollar and eighty cents to a rate not to exceed two dollars and forty-
19 seven and one-half cents per thousand dollars of assessed value for
20 general county purposes if the total levies for both the county and any
21 road district within the county do not exceed four dollars and five
22 cents per thousand dollars of assessed value, and no other taxing
23 district has its levy reduced as a result of the increased county levy.

24 (2) ~~((Except as provided in RCW 84.52.100,))~~ The aggregate levies
25 of junior taxing districts and senior taxing districts, other than the
26 state, shall not exceed five dollars and ninety cents per thousand
27 dollars of assessed valuation. The term "junior taxing districts"
28 includes all taxing districts ~~((other than the state))~~, counties, road
29 districts, cities, towns, port districts, and public utility districts.
30 The limitations provided in this subsection shall not apply to: (a)

1 Levies at the rates provided by existing law by or for any port or
2 public utility district; (b) excess property tax levies authorized in
3 Article VII, section 2 of the state Constitution; (c) levies for
4 acquiring conservation futures as authorized under RCW 84.34.230; and
5 (d) levies for emergency medical care or emergency medical services
6 imposed under RCW 84.52.069.

7 **Sec. 77.** RCW 43.135.020 and 1980 c 1 s 2 are each amended to read
8 as follows:

9 As used in this chapter, the following terms have the meanings
10 indicated unless otherwise required.

11 (1) "State tax revenue" means all state moneys received in the
12 treasury from every source except those revenues excluded for the term
13 "general state revenues" by Article VIII, section (1)(c) of the state
14 Constitution ((~~other than the state property tax levied for the support~~
15 ~~of the common schools under RCW 84.52.065, as now or hereafter~~
16 ~~amended~~)).

17 (2) ~~"State personal income" means the dollar amount published as~~
18 ~~total personal income of persons of the state for the calendar year by~~
19 ~~the United States department of commerce or its successor agency.~~

20 (3) ~~"State tax revenue limit" or "limit" means the state tax~~
21 ~~revenue limit created by this chapter.~~

22 (4) ~~"Taxing district" means those districts included within the~~
23 ~~term "taxing district" under RCW 84.04.120, as now or hereafter~~
24 ~~amended.~~

25 (5) ~~"State personal income ratio" for any calendar year means the~~
26 ~~quotient formed by dividing (a) state personal income for the calendar~~
27 ~~year under consideration by (b) the state personal income for the~~
28 ~~immediately preceding calendar year.~~

1 ~~Sec. 78.~~ RCW 76.12.120 and 1988 c 128 s 32 and 1988 c 70 s 1 are
2 each reenacted and amended to read as follows:

3 All land, acquired or designated by the department as state forest
4 land, shall be forever reserved from sale, but the timber and other
5 products thereon may be sold or the land may be leased in the same
6 manner and for the same purposes as is authorized for state granted
7 land if the department finds such sale or lease to be in the best
8 interests of the state and approves the terms and conditions thereof.

9 Except as provided in RCW 79.12.035, all money derived from the
10 sale of timber or other products, or from lease, or from any other
11 source from the land, except where the Constitution of this state or
12 RCW 76.12.030 requires other disposition, shall be disposed of as
13 follows:

14 (1) Fifty percent shall be placed in the forest development
15 account.

16 (2) Fifty percent shall be prorated and distributed to the state
17 general fund, to be dedicated for the benefit of the public schools,
18 and the county in which the land is located according to the relative
19 proportions of tax levies of all taxing districts in the county. The
20 portion to be distributed to the state general fund shall be based on
21 the ((regular school levy rate under RCW 84.52.065 as now or hereafter
22 amended and the levy rate for any maintenance and operation special
23 school levies)) amounts appropriated for common schools by the
24 legislature. The money distributed to the county shall be paid,
25 distributed, and prorated to the various other funds in the same manner
26 as general taxes are paid and distributed during the year of payment.

