

1 **E2SSB 5304** - H AMDS to Revenue Comm. Amendment **000355 LOST 4-8-93**
2 By Representative Morris and others

3 On page 83 of the amendment, line 16, strike everything
4 through line 16 on page 96, and insert:

5 "NEW SECTION. **Sec. 301.** A new section is added to chapter
6 48.14 RCW to read as follows:

7 (1) As used in this section, "taxpayer" means a health
8 maintenance organization, as defined in RCW 48.46.020, a health
9 care service contractor, as defined in RCW 48.44.010, or a
10 certified health plan certified under section 433 of this act.

11 (2) Each taxpayer shall pay a tax on or before the first day
12 of March of each year to the state treasurer through the insurance
13 commissioner's office. The tax shall be equal to the total amount
14 of all premiums and prepayments for health care services received
15 by the taxpayer during the preceding calendar year multiplied by
16 the rate of two percent.

17 (3) Taxpayers shall prepay their tax obligations under this
18 section. The minimum amount of the prepayments shall be
19 percentages of the taxpayer's tax obligation for the preceding
20 calendar year recomputed using the rate in effect for the current
21 year. For the prepayment of taxes due during the first calendar
22 year, the minimum amount of the prepayments shall be percentages of
23 the taxpayer's tax obligation that would have been due had the tax
24 been in effect during the previous calendar year. The tax
25 prepayments shall be paid to the state treasurer through the
26 commissioner's office by the due dates and in the following
27 amounts:

28 (a) On or before June 15, forty-five percent;

29 (b) On or before September 15, twenty-five percent;

30 (c) On or before December 15, twenty-five percent.

31 (4) For good cause demonstrated in writing, the commissioner
32 may approve an amount smaller than the preceding calendar year's

1 tax obligation as recomputed for calculating the health maintenance
2 organization's prepayment obligations for the current tax year.

3 (5) Moneys collected under this section shall be deposited in
4 the health services account under section 459 of this act.

5 **Sec. 302.** RCW 48.14.080 and 1949 c 190 s 21 are each amended
6 to read as follows:

7 PREMIUM TAX IN LIEU OF OTHER FORMS. As to insurers other than
8 title insurers, the taxes imposed by this title shall be in lieu of
9 all other taxes, except taxes on real and tangible personal
10 property (~~and~~), excise taxes on the sale, purchase or use of such
11 property, and the tax imposed in RCW 82.04.260(15).

12 NEW SECTION. **Sec. 303.** A new section is added to chapter
13 82.04 RCW to read as follows:

14 This chapter does not apply to any health maintenance
15 organization, health care service contractor, or certified health
16 plan in respect to premiums or prepayments that are taxable under
17 section 301 of this act.

18 **Sec. 304.** RCW 82.04.260 and 1991 c 272 s 15 are each amended
19 to read as follows:

20 (1) Upon every person engaging within this state in the
21 business of buying wheat, oats, dry peas, dry beans, lentils,
22 triticale, corn, rye and barley, but not including any manufactured
23 or processed products thereof, and selling the same at wholesale;
24 the tax imposed shall be equal to the gross proceeds derived from
25 such sales multiplied by the rate of one one-hundredth of one
26 percent.

27 (2) Upon every person engaging within this state in the
28 business of manufacturing wheat into flour, barley into pearl
29 barley, soybeans into soybean oil, or sunflower seeds into
30 sunflower oil; as to such persons the amount of tax with respect to

1 such business shall be equal to the value of the flour, pearl
2 barley, or oil manufactured, multiplied by the rate of one-eighth
3 of one percent.

4 (3) Upon every person engaging within this state in the
5 business of splitting or processing dried peas; as to such persons
6 the amount of tax with respect to such business shall be equal to
7 the value of the peas split or processed, multiplied by the rate of
8 one-quarter of one percent.

9 (4) Upon every person engaging within this state in the
10 business of manufacturing seafood products which remain in a raw,
11 raw frozen, or raw salted state at the completion of the
12 manufacturing by that person; as to such persons the amount of tax
13 with respect to such business shall be equal to the value of the
14 products manufactured, multiplied by the rate of one-eighth of one
15 percent.

16 (5) Upon every person engaging within this state in the
17 business of manufacturing by canning, preserving, freezing or
18 dehydrating fresh fruits and vegetables; as to such persons the
19 amount of tax with respect to such business shall be equal to the
20 value of the products canned, preserved, frozen or dehydrated
21 multiplied by the rate of three-tenths of one percent.

22 (6) Upon every nonprofit corporation and nonprofit association
23 engaging within this state in research and development, as to such
24 corporations and associations, the amount of tax with respect to
25 such activities shall be equal to the gross income derived from
26 such activities multiplied by the rate of forty-four one-hundredths
27 of one percent.

28 (7) Upon every person engaging within this state in the
29 business of slaughtering, breaking and/or processing perishable
30 meat products and/or selling the same at wholesale only and not at
31 retail; as to such persons the tax imposed shall be equal to the
32 gross proceeds derived from such sales multiplied by the rate of
33 twenty-five one-hundredths of one percent through June 30, 1986,

1 and one-eighth of one percent thereafter.

2 (8) Upon every person engaging within this state in the
3 business of making sales, at retail or wholesale, of nuclear fuel
4 assemblies manufactured by that person, as to such persons the
5 amount of tax with respect to such business shall be equal to the
6 gross proceeds of sales of the assemblies multiplied by the rate of
7 twenty-five one-hundredths of one percent.

8 (9) Upon every person engaging within this state in the
9 business of manufacturing nuclear fuel assemblies, as to such
10 persons the amount of tax with respect to such business shall be
11 equal to the value of the products manufactured multiplied by the
12 rate of twenty-five one-hundredths of one percent.

13 (10) Upon every person engaging within this state in the
14 business of acting as a travel agent; as to such persons the amount
15 of the tax with respect to such activities shall be equal to the
16 gross income derived from such activities multiplied by the rate of
17 twenty-five one-hundredths of one percent.

18 (11) Upon every person engaging within this state in business
19 as an international steamship agent, international customs house
20 broker, international freight forwarder, vessel and/or cargo
21 charter broker in foreign commerce, and/or international air cargo
22 agent; as to such persons the amount of the tax with respect to
23 only international activities shall be equal to the gross income
24 derived from such activities multiplied by the rate of thirty-three
25 one-hundredths of one percent.

26 (12) Upon every person engaging within this state in the
27 business of stevedoring and associated activities pertinent to the
28 movement of goods and commodities in waterborne interstate or
29 foreign commerce; as to such persons the amount of tax with respect
30 to such business shall be equal to the gross proceeds derived from
31 such activities multiplied by the rate of thirty-three one
32 hundredths of one percent. Persons subject to taxation under this
33 subsection shall be exempt from payment of taxes imposed by chapter

1 82.16 RCW for that portion of their business subject to taxation
2 under this subsection. Stevedoring and associated activities
3 pertinent to the conduct of goods and commodities in waterborne
4 interstate or foreign commerce are defined as all activities of a
5 labor, service or transportation nature whereby cargo may be loaded
6 or unloaded to or from vessels or barges, passing over, onto or
7 under a wharf, pier, or similar structure; cargo may be moved to a
8 warehouse or similar holding or storage yard or area to await
9 further movement in import or export or may move to a consolidation
10 freight station and be stuffed, unstuffed, containerized, separated
11 or otherwise segregated or aggregated for delivery or loaded on any
12 mode of transportation for delivery to its consignee. Specific
13 activities included in this definition are: Wharfage, handling,
14 loading, unloading, moving of cargo to a convenient place of
15 delivery to the consignee or a convenient place for further
16 movement to export mode; documentation services in connection with
17 the receipt, delivery, checking, care, custody and control of cargo
18 required in the transfer of cargo; imported automobile handling
19 prior to delivery to consignee; terminal stevedoring and incidental
20 vessel services, including but not limited to plugging and
21 unplugging refrigerator service to containers, trailers, and other
22 refrigerated cargo receptacles, and securing ship hatch covers.

23 (13) Upon every person engaging within this state in the
24 business of disposing of low-level waste, as defined in RCW
25 43.145.010; as to such persons the amount of the tax with respect
26 to such business shall be equal to the gross income of the
27 business, excluding any fees imposed under chapter 43.200 RCW,
28 multiplied by the rate of fifteen percent.

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

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

33 (c) The rate specified in this subsection shall be further

1 reduced to three percent on July 1, 1993.

2 If the gross income of the taxpayer is attributable to
3 activities both within and without this state, the gross income
4 attributable to this state shall be determined in accordance with
5 the methods of apportionment required under RCW 82.04.460.

6 (14) Upon every person engaging within this state as an
7 insurance agent, insurance broker, or insurance solicitor licensed
8 under chapter 48.17 RCW; as to such persons, the amount of the tax
9 with respect to such licensed activities shall be equal to the
10 gross income of such business multiplied by the rate of one
11 percent.

12 (15) Upon every person engaging within this state in business
13 as a hospital, as defined in chapter 70.41 RCW, that is operated as
14 a nonprofit corporation, as to such persons, the amount of tax with
15 respect to such activities shall be equal to the gross income of
16 the business multiplied by the rate of five-tenths of one percent
17 through June 30, 1995, and one and five-tenths percent thereafter.
18 The moneys collected under this subsection shall be deposited in
19 the health services account created under section 459 of this act.

20 **Sec. 305.** RCW 82.04.4289 and 1981 c 178 s 2 are each amended
21 to read as follows:

22 ~~((In computing tax there may be deducted from the measure of~~
23 ~~tax)) This chapter does not apply to amounts derived as
24 compensation for services rendered to patients or from sales of
25 prescription drugs as defined in RCW 82.08.0281 furnished as an
26 integral part of services rendered to patients by ~~((a hospital, as~~
27 ~~defined in chapter 70.41 RCW, which is operated as a nonprofit~~
28 ~~corporation,)) a kidney dialysis facility operated as a nonprofit
29 corporation, ~~((whether or not operated in connection with a~~
30 ~~hospital,)) nursing homes, and homes for unwed mothers operated as
31 religious or charitable organizations, but only if no part of the
32 net earnings received by such an institution inures directly or~~~~~~

1 indirectly, to any person other than the institution entitled to
2 deduction hereunder. (~~In no event shall any such deduction be~~
3 ~~allowed, unless the hospital building is entitled to exemption from~~
4 ~~taxation under the property tax laws of this state.~~)

5 NEW SECTION. **Sec. 306.** RCW 82.04.4288 and 1980 c 37 s 9 are
6 each repealed.

7 **Sec. 307.** RCW 82.24.020 and 1989 c 271 s 504 are each amended
8 to read as follows:

9 (1) There is levied and there shall be collected as
10 hereinafter provided, a tax upon the sale, use, consumption,
11 handling, possession or distribution of all cigarettes, in an
12 amount equal to the rate of eleven and one-half mills per
13 cigarette.

14 (2) Until July 1, 1995, an additional tax is imposed upon the
15 sale, use, consumption, handling, possession, or distribution of
16 all cigarettes, in an amount equal to the rate of one and one-half
17 mills per cigarette. All revenues collected during any month from
18 this additional tax shall be deposited in the drug enforcement and
19 education account under RCW 69.50.520 by the twenty-fifth day of
20 the following month.

21 (3) An additional tax is imposed upon the sale, use,
22 consumption, handling, possession, or distribution of all
23 cigarettes, in an amount equal to the rate of ten mills per
24 cigarette through June 30, 1994, eleven and one-fourth mills per
25 cigarette for the period July 1, 1994, through June 30, 1995,
26 twenty mills per cigarette for the period July 1, 1995, through
27 June 30, 1996, and twenty and one-half mills per cigarette
28 thereafter. All revenues collected during any month from this
29 additional tax shall be deposited in the Washington health services
30 trust account created under section 358 of this act.

31 (4) Wholesalers and retailers subject to the payment of this

1 tax may, if they wish, absorb one-half mill per cigarette of the
2 tax and not pass it on to purchasers without being in violation of
3 this section or any other act relating to the sale or taxation of
4 cigarettes.

5 ~~((4))~~ (5) For purposes of this chapter, "possession" shall
6 mean both (a) physical possession by the purchaser and, (b) when
7 cigarettes are being transported to or held for the purchaser or
8 his or her designee by a person other than the purchaser,
9 constructive possession by the purchaser or his designee, which
10 constructive possession shall be deemed to occur at the location of
11 the cigarettes being so transported or held.

12 **Sec. 308.** RCW 82.24.080 and 1972 ex.s. c 157 s 4 are each
13 amended to read as follows:

14 It is the intent and purpose of this chapter to levy a tax on
15 all of the articles taxed herein, sold, used, consumed, handled,
16 possessed, or distributed within this state and to collect the tax
17 from the person who first sells, uses, consumes, handles, possesses
18 (either physically or constructively, in accordance with RCW
19 82.24.020) or distributes them in the state. It is further the
20 intent and purpose of this chapter that whenever any of the
21 articles herein taxed is given away for advertising or any other
22 purpose, it shall be taxed in the same manner as if it were sold,
23 used, consumed, handled, possessed, or distributed in this state.

24 It is also the intent and purpose of this chapter that the tax
25 shall be imposed at the time and place of the first taxable event
26 occurring within this state: PROVIDED, HOWEVER, That failure to
27 pay the tax with respect to a taxable event shall not prevent tax
28 liability from arising by reason of a subsequent taxable event.

29 In the event of an increase in the rate of the tax imposed
30 under this chapter, it is the intent of the legislature that the
31 first person who sells, uses, consumes, handles, possesses, or
32 distributes previously taxed articles after the effective date of

1 the rate increase shall be liable for the additional tax
2 represented by the rate increase, but the failure to pay the
3 additional tax with respect to the first taxable event after the
4 effective date of a rate increase shall not prevent tax liability
5 for the additional tax from arising from a subsequent taxable
6 event.

7 **Sec. 309.** RCW 82.26.020 and 1983 2nd ex.s. c 3 s 16 are each
8 amended to read as follows:

9 (1) (~~From and after June 1, 1971,~~) There is levied and there
10 shall be collected a tax upon the sale, use, consumption, handling,
11 or distribution of all tobacco products in this state at the rate
12 of forty-five percent of the wholesale sales price of such tobacco
13 products. ((Such tax))

14 (2) Taxes under this section shall be imposed at the time the
15 distributor (a) brings, or causes to be brought, into this state
16 from without the state tobacco products for sale, (b) makes,
17 manufactures, or fabricates tobacco products in this state for sale
18 in this state, or (c) ships or transports tobacco products to
19 retailers in this state, to be sold by those retailers.

20 (~~(+2)~~) (3) An additional tax is imposed equal to ((the rate
21 specified in RCW 82.02.030)) seven percent multiplied by the tax
22 payable under subsection (1) of this section.

23 (4) An additional tax is imposed equal to the tax payable
24 under subsection (1) of this section multiplied by the rate of
25 eighty-five percent through June 30, 1994, ninety-five percent for
26 the period July 1, 1994, through June 30, 1995, one hundred seventy
27 percent for the period July 1, 1995, through June 30, 1996, and one
28 hundred seventy-five percent thereafter. The moneys collected
29 under this subsection shall be deposited in the Washington health
30 services trust account created under section 358 of this act.

31 **Sec. 310.** RCW 82.08.150 and 1989 c 271 s 503 are each amended

1 to read as follows:

2 (1) There is levied and shall be collected a tax upon each
3 retail sale of spirits, or strong beer in the original package at
4 the rate of fifteen percent of the selling price. The tax imposed
5 in this subsection shall apply to all such sales including sales by
6 the Washington state liquor stores and agencies, but excluding
7 sales to class H licensees.

8 (2) There is levied and shall be collected a tax upon each
9 sale of spirits, or strong beer in the original package at the rate
10 of ten percent of the selling price on sales by Washington state
11 liquor stores and agencies to class H licensees.

12 (3) There is levied and shall be collected an additional tax
13 upon each retail sale of spirits in the original package at the
14 rate of one dollar and seventy-two cents per liter. The additional
15 tax imposed in this subsection shall apply to all such sales
16 including sales by Washington state liquor stores and agencies, and
17 including sales to class H licensees.

18 (4) An additional tax is imposed equal to (~~the rate specified~~
19 ~~in RCW 82.02.030~~) fourteen percent multiplied by the taxes payable
20 under subsections (1), (2), and (3) of this section.

21 (5) Until July 1, 1995, an additional tax is imposed upon each
22 retail sale of spirits in the original package at the rate of seven
23 cents per liter. The additional tax imposed in this subsection
24 shall apply to all such sales including sales by Washington state
25 liquor stores and agencies, and including sales to class H
26 licensees. All revenues collected during any month from this
27 additional tax shall be deposited in the drug enforcement and
28 education account under RCW 69.50.520 by the twenty-fifth day of
29 the following month.

30 (6) An additional tax is imposed equal to the taxes payable
31 under subsections (1), (2), and (3) of this section multiplied by
32 the rate of eight and eight-tenths percent through June 30, 1995,
33 fifty percent for the period July 1, 1995, through June 30, 1997,

1 and seventy-five percent thereafter. All revenues collected during
2 any month from this additional tax shall be deposited in the
3 Washington health services trust account created under section 358
4 of this act.

5 (7) The tax imposed in RCW 82.08.020, as now or hereafter
6 amended, shall not apply to sales of spirits or strong beer in the
7 original package.

8 ((+7)) (8) The taxes imposed in this section shall be paid by
9 the buyer to the seller, and each seller shall collect from the
10 buyer the full amount of the tax payable in respect to each taxable
11 sale under this section. The taxes required by this section to be
12 collected by the seller shall be stated separately from the selling
13 price and for purposes of determining the tax due from the buyer to
14 the seller, it shall be conclusively presumed that the selling
15 price quoted in any price list does not include the taxes imposed
16 by this section.

17 ((+8)) (9) As used in this section, the terms, "spirits,"
18 "strong beer," and "package" shall have the meaning ascribed to
19 them in chapter 66.04 RCW.

20 **Sec. 311.** RCW 82.02.030 and 1990 c 42 s 319 are each amended
21 to read as follows:

22 ((+1)) The rate of the additional taxes under RCW
23 54.28.020(2), 54.28.025(2), 66.24.210(2), 66.24.290(2), 82.04.2901,
24 82.16.020(2), ((82.26.020(2),)) 82.27.020(5), and 82.29A.030(2)
25 shall be seven percent((+and

26 ~~(2) The rate of the additional taxes under RCW 82.08.150(4)~~
27 ~~shall be fourteen percent))."~~

28 Renumber sections consecutively and correct any internal
29 references accordingly.

On page 174, line 20, strike "1996" and insert "1995"