
SUBSTITUTE HOUSE BILL 1026

State of Washington

55th Legislature

1997 Regular Session

By House Committee on Agriculture & Ecology (originally sponsored by Representatives Schoesler, Chandler, Sheahan, Sterk, Mastin, McMorris, Honeyford, Boldt, Mulliken, Bush, Smith, Mielke and Grant)

Read first time 01/29/97.

1 AN ACT Relating to business and occupation tax on the cubing of hay
2 or alfalfa for sale at wholesale; amending RCW 82.04.120; and
3 reenacting and amending RCW 82.04.260.

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

5 **Sec. 1.** RCW 82.04.120 and 1989 c 302 s 201 are each amended to
6 read as follows:

7 "To manufacture" embraces all activities of a commercial or
8 industrial nature wherein labor or skill is applied, by hand or
9 machinery, to materials so that as a result thereof a new, different or
10 useful substance or article of tangible personal property is produced
11 for sale or commercial or industrial use, and shall include the
12 production or fabrication of special made or custom made articles.

13 "To manufacture" shall not include conditioning of seed for use in
14 planting; cubing hay or alfalfa, including but not limited to adding
15 any preservatives to the hay or alfalfa as part of the cubing activity;
16 or activities which consist of cutting, grading, or ice glazing seafood
17 which has been cooked, frozen, or canned outside this state.

1 **Sec. 2.** RCW 82.04.260 and 1996 c 148 s 2 and 1996 c 115 s 1 are
2 each reenacted and amended to read as follows:

3 (1) Upon every person engaging within this state in the business of
4 buying wheat, oats, dry peas, dry beans, lentils, triticale, canola,
5 corn, rye and barley, but not including any manufactured or processed
6 products thereof, and selling the same at wholesale; the tax imposed
7 shall be equal to the gross proceeds derived from such sales multiplied
8 by the rate of 0.011 percent.

9 (2) Upon every person engaging within this state in the business of
10 manufacturing wheat into flour, barley into pearl barley, soybeans into
11 soybean oil, canola into canola oil, canola meal, or canola byproducts,
12 or sunflower seeds into sunflower oil; as to such persons the amount of
13 tax with respect to such business shall be equal to the value of the
14 flour, pearl barley, oil, canola meal, or canola byproduct
15 manufactured, multiplied by the rate of 0.138 percent.

16 (3) Upon every person engaging within this state in the business of
17 splitting or processing dried peas; as to such persons the amount of
18 tax with respect to such business shall be equal to the value of the
19 peas split or processed, multiplied by the rate of 0.275 percent.

20 (4) Upon every person engaging within this state in the business of
21 manufacturing seafood products which remain in a raw, raw frozen, or
22 raw salted state at the completion of the manufacturing by that person;
23 as to such persons the amount of tax with respect to such business
24 shall be equal to the value of the products manufactured, multiplied by
25 the rate of 0.138 percent.

26 (5) Upon every person engaging within this state in the business of
27 manufacturing by canning, preserving, freezing, processing, or
28 dehydrating fresh fruits and vegetables, or selling at wholesale fresh
29 fruits and vegetables canned, preserved, frozen, processed, or
30 dehydrated by the seller and sold to purchasers who transport in the
31 ordinary course of business the goods out of this state; as to such
32 persons the amount of tax with respect to such business shall be equal
33 to the value of the products canned, preserved, frozen, processed, or
34 dehydrated multiplied by the rate of 0.33 percent. As proof of sale to
35 a person who transports in the ordinary course of business goods out of
36 this state, the seller shall annually provide a statement in a form
37 prescribed by the department and retain the statement as a business
38 record.

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

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

11 (8) Upon every person engaging within this state in the business of
12 making sales, at retail or wholesale, of nuclear fuel assemblies
13 manufactured by that person, as to such persons the amount of tax with
14 respect to such business shall be equal to the gross proceeds of sales
15 of the assemblies multiplied by the rate of 0.275 percent.

16 (9) Upon every person engaging within this state in the business of
17 manufacturing nuclear fuel assemblies, as to such persons the amount of
18 tax with respect to such business shall be equal to the value of the
19 products manufactured multiplied by the rate of 0.275 percent.

20 (10) Upon every person engaging within this state in the business
21 of acting as a travel agent or tour operator; as to such persons the
22 amount of the tax with respect to such activities shall be equal to the
23 gross income derived from such activities multiplied by the rate of
24 0.275 percent.

25 (11) Upon every person engaging within this state in business as an
26 international steamship agent, international customs house broker,
27 international freight forwarder, vessel and/or cargo charter broker in
28 foreign commerce, and/or international air cargo agent; as to such
29 persons the amount of the tax with respect to only international
30 activities shall be equal to the gross income derived from such
31 activities multiplied by the rate of 0.363 percent.

32 (12) Upon every person engaging within this state in the business
33 of stevedoring and associated activities pertinent to the movement of
34 goods and commodities in waterborne interstate or foreign commerce; as
35 to such persons the amount of tax with respect to such business shall
36 be equal to the gross proceeds derived from such activities multiplied
37 by the rate of 0.363 percent. Persons subject to taxation under this
38 subsection shall be exempt from payment of taxes imposed by chapter
39 82.16 RCW for that portion of their business subject to taxation under

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

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

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

32 (14) Upon every person engaging within this state as an insurance
33 agent, insurance broker, or insurance solicitor licensed under chapter
34 48.17 RCW; as to such persons, the amount of the tax with respect to
35 such licensed activities shall be equal to the gross income of such
36 business multiplied by the rate of 0.55 percent.

37 (15) Upon every person engaging within this state in business as a
38 hospital, as defined in chapter 70.41 RCW, that is operated as a
39 nonprofit corporation or by the state or any of its political

1 subdivisions, as to such persons, the amount of tax with respect to
2 such activities shall be equal to the gross income of the business
3 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5
4 percent thereafter. The moneys collected under this subsection shall
5 be deposited in the health services account created under RCW
6 43.72.900.

7 (16) Upon every person engaging within this state in the business
8 of making sales at wholesale of cubed alfalfa or hay; as to such
9 persons the amount of the tax with respect to such business shall be
10 equal to the gross income derived from such sales multiplied by the
11 rate of 0.011 percent.

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