
SENATE BILL 5560

State of Washington

60th Legislature

2007 Regular Session

By Senators Schoesler, Zarelli, Regala and Prentice; by request of Department of Revenue

Read first time 01/24/2007. Referred to Committee on Ways & Means.

1 AN ACT Relating to making changes of a technical nature to laws
2 relating to taxes or tax programs, administered by the department of
3 revenue; amending RCW 76.09.405, 82.04.250, 82.04.261, 82.04.294,
4 82.04.4281, 82.04.440, 82.04.4461, 82.04.4462, 82.04.530, 82.08.02745,
5 82.08.841, 82.12.0284, 82.12.841, 82.14B.020, 82.32.520, 82.32.545,
6 82.32.550, 82.32.555, 84.33.140, 84.34.108, 84.52.010, and 84.52.054;
7 amending 2006 c 84 s 9 (uncodified); reenacting and amending RCW
8 82.04.050, 82.04.260, and 82.14B.030; reenacting RCW 82.32.600 and
9 82.32.600; creating a new section; repealing RCW 84.55.012 and
10 84.55.0121; repealing 2005 c 514 s 113, 2004 c 153 s 502, 2003 c 168 s
11 902, and 2002 c 67 s 18 (uncodified); repealing 2005 c 514 s 112 and
12 2003 c 168 s 503; providing an effective date; providing expiration
13 dates; and providing a contingent expiration date.

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

15 NEW SECTION. **Sec. 1.** In July 2000, congress passed the mobile
16 telecommunications sourcing act (P.L. 106-252). The act addresses the
17 problem of determining the situs of a cellular telephone call for tax
18 purposes. In 2002, the legislature passed Senate Bill No. 6539
19 (chapter 67, Laws of 2002), which addressed the sourcing of mobile

1 telecommunications for state business and occupation tax, state and
2 local retail sales taxes, city utility taxes, and state and county
3 telephone access line taxes. Section 18, chapter 67, Laws of 2002
4 provided that the act is null and void if the federal mobile
5 telecommunications sourcing act is substantially impaired or limited as
6 a result of a court decision that is no longer subject to appeal. The
7 legislature finds that the contingent null and void clause in section
8 18, chapter 67, Laws of 2002 has resulted in the necessity of codifying
9 two versions of a number of statutes to incorporate contingent
10 expiration and effective dates. The legislature recognizes that this
11 adds complexity to the tax code and makes tax administration more
12 difficult. The legislature further finds that there is little or no
13 likelihood that the federal mobile telecommunications sourcing act will
14 be substantially impaired or limited as a result of a court decision.
15 Therefore, the legislature intends in section 2 of this act to simplify
16 Washington's tax code and tax administration by eliminating the
17 contingent null and void clause in section 18, chapter 67, Laws of
18 2002.

19 NEW SECTION. **Sec. 2.** The following acts or parts of acts are each
20 repealed:

- 21 (1) 2005 c 514 s 113, 2004 c 153 s 502, 2003 c 168 s 902, & 2002 c
22 67 s 18 (uncodified); and
23 (2) 2005 c 514 s 112 & 2003 c 168 s 503.

24 **Sec. 3.** RCW 76.09.405 and 2006 c 300 s 3 are each amended to read
25 as follows:

26 The forest and fish support account is hereby created in the state
27 treasury. Receipts from appropriations, the surcharge imposed under
28 RCW (~~(82.04.260(12))~~) 82.04.261, and other sources must be deposited
29 into the account. Expenditures from the account shall be used for
30 activities pursuant to the state's implementation of the forests and
31 fish report as defined in chapter 76.09 RCW and related activities,
32 including, but not limited to, adaptive management, monitoring, and
33 participation grants to tribes, state and local agencies, and not-for-
34 profit public interest organizations. Expenditures from the account
35 may be made only after appropriation by the legislature.

1 **Sec. 4.** RCW 82.04.050 and 2005 c 515 s 2 and 2005 c 514 s 101 are
2 each reenacted and amended to read as follows:

3 (1) "Sale at retail" or "retail sale" means every sale of tangible
4 personal property (including articles produced, fabricated, or
5 imprinted) to all persons irrespective of the nature of their business
6 and including, among others, without limiting the scope hereof, persons
7 who install, repair, clean, alter, improve, construct, or decorate real
8 or personal property of or for consumers other than a sale to a person
9 who presents a resale certificate under RCW 82.04.470 and who:

10 (a) Purchases for the purpose of resale as tangible personal
11 property in the regular course of business without intervening use by
12 such person, but a purchase for the purpose of resale by a regional
13 transit authority under RCW 81.112.300 is not a sale for resale; or

14 (b) Installs, repairs, cleans, alters, imprints, improves,
15 constructs, or decorates real or personal property of or for consumers,
16 if such tangible personal property becomes an ingredient or component
17 of such real or personal property without intervening use by such
18 person; or

19 (c) Purchases for the purpose of consuming the property purchased
20 in producing for sale a new article of tangible personal property or
21 substance, of which such property becomes an ingredient or component or
22 is a chemical used in processing, when the primary purpose of such
23 chemical is to create a chemical reaction directly through contact with
24 an ingredient of a new article being produced for sale; or

25 (d) Purchases for the purpose of consuming the property purchased
26 in producing ferrosilicon which is subsequently used in producing
27 magnesium for sale, if the primary purpose of such property is to
28 create a chemical reaction directly through contact with an ingredient
29 of ferrosilicon; (~~fer~~) or

30 (e) Purchases for the purpose of providing the property to
31 consumers as part of competitive telephone service, as defined in RCW
32 82.04.065. The term shall include every sale of tangible personal
33 property which is used or consumed or to be used or consumed in the
34 performance of any activity classified as a "sale at retail" or "retail
35 sale" even though such property is resold or utilized as provided in
36 (a), (b), (c), (d), or (e) of this subsection following such use. The
37 term also means every sale of tangible personal property to persons

1 engaged in any business which is taxable under RCW 82.04.280 (2) and
2 (7), 82.04.290, and 82.04.2908; or

3 (f) Purchases for the purpose of satisfying the person's
4 obligations under an extended warranty as defined in subsection (7) of
5 this section, if such tangible personal property replaces or becomes an
6 ingredient or component of property covered by the extended warranty
7 without intervening use by such person.

8 (2) The term "sale at retail" or "retail sale" shall include the
9 sale of or charge made for tangible personal property consumed and/or
10 for labor and services rendered in respect to the following:

11 (a) The installing, repairing, cleaning, altering, imprinting, or
12 improving of tangible personal property of or for consumers, including
13 charges made for the mere use of facilities in respect thereto, but
14 excluding charges made for the use of self-service laundry facilities,
15 and also excluding sales of laundry service to nonprofit health care
16 facilities, and excluding services rendered in respect to live animals,
17 birds and insects;

18 (b) The constructing, repairing, decorating, or improving of new or
19 existing buildings or other structures under, upon, or above real
20 property of or for consumers, including the installing or attaching of
21 any article of tangible personal property therein or thereto, whether
22 or not such personal property becomes a part of the realty by virtue of
23 installation, and shall also include the sale of services or charges
24 made for the clearing of land and the moving of earth excepting the
25 mere leveling of land used in commercial farming or agriculture;

26 (c) The (~~charge for labor and services rendered in respect to~~)
27 constructing, repairing, or improving of any structure upon, above, or
28 under any real property owned by an owner who conveys the property by
29 title, possession, or any other means to the person performing such
30 construction, repair, or improvement for the purpose of performing such
31 construction, repair, or improvement and the property is then
32 reconveyed by title, possession, or any other means to the original
33 owner;

34 (d) The (~~sale of or charge made for labor and services rendered in~~
35 ~~respect to the~~) cleaning, fumigating, razing, or moving of existing
36 buildings or structures, but shall not include the charge made for
37 janitorial services; and for purposes of this section the term
38 "janitorial services" shall mean those cleaning and caretaking services

1 ordinarily performed by commercial janitor service businesses
2 including, but not limited to, wall and window washing, floor cleaning
3 and waxing, and the cleaning in place of rugs, drapes and upholstery.
4 The term "janitorial services" does not include painting, papering,
5 repairing, furnace or septic tank cleaning, snow removal or
6 sandblasting;

7 (e) (~~The sale of or charge made for labor and services rendered in~~
8 ~~respect to~~) Automobile towing and similar automotive transportation
9 services, but not in respect to those required to report and pay taxes
10 under chapter 82.16 RCW;

11 (f) The (~~sale of and charge made for the~~) furnishing of lodging
12 and all other services by a hotel, rooming house, tourist court, motel,
13 trailer camp, and the granting of any similar license to use real
14 property, as distinguished from the renting or leasing of real
15 property, and it shall be presumed that the occupancy of real property
16 for a continuous period of one month or more constitutes a rental or
17 lease of real property and not a mere license to use or enjoy the same.
18 For the purposes of this subsection, it shall be presumed that the sale
19 of and charge made for the furnishing of lodging for a continuous
20 period of one month or more to a person is a rental or lease of real
21 property and not a mere license to enjoy the same;

22 (g) (~~The sale of or charge made for tangible personal property,~~
23 ~~labor and services to~~) Persons taxable under (a), (b), (c), (d), (e),
24 and (f) of this subsection when such sales or charges are for property,
25 labor and services which are used or consumed in whole or in part by
26 such persons in the performance of any activity defined as a "sale at
27 retail" or "retail sale" even though such property, labor and services
28 may be resold after such use or consumption. Nothing contained in this
29 subsection shall be construed to modify subsection (1) of this section
30 and nothing contained in subsection (1) of this section shall be
31 construed to modify this subsection.

32 (3) The term "sale at retail" or "retail sale" shall include the
33 sale of or charge made for personal, business, or professional services
34 including amounts designated as interest, rents, fees, admission, and
35 other service emoluments however designated, received by persons
36 engaging in the following business activities:

37 (a) Amusement and recreation services including but not limited to

1 golf, pool, billiards, skating, bowling, ski lifts and tows, day trips
2 for sightseeing purposes, and others, when provided to consumers;

3 (b) Abstract, title insurance, and escrow services;

4 (c) Credit bureau services;

5 (d) Automobile parking and storage garage services;

6 (e) Landscape maintenance and horticultural services but excluding
7 (i) horticultural services provided to farmers and (ii) pruning,
8 trimming, repairing, removing, and clearing of trees and brush near
9 electric transmission or distribution lines or equipment, if performed
10 by or at the direction of an electric utility;

11 (f) Service charges associated with tickets to professional
12 sporting events; and

13 (g) The following personal services: Physical fitness services,
14 tanning salon services, tattoo parlor services, steam bath services,
15 turkish bath services, escort services, and dating services.

16 (4)(a) The term shall also include:

17 (i) The renting or leasing of tangible personal property to
18 consumers; and

19 (ii) Providing tangible personal property along with an operator
20 for a fixed or indeterminate period of time. A consideration of this
21 is that the operator is necessary for the tangible personal property to
22 perform as designed. For the purpose of this subsection (4)(a)(ii), an
23 operator must do more than maintain, inspect, or set up the tangible
24 personal property.

25 (b) The term shall not include the renting or leasing of tangible
26 personal property where the lease or rental is for the purpose of
27 sublease or subrent.

28 (5) The term shall also include the providing of telephone service,
29 as defined in RCW 82.04.065, to consumers.

30 (6) The term shall also include the sale of prewritten computer
31 software other than a sale to a person who presents a resale
32 certificate under RCW 82.04.470, regardless of the method of delivery
33 to the end user, but shall not include custom software or the
34 customization of prewritten computer software.

35 (7) The term shall also include the sale of or charge made for an
36 extended warranty to a consumer. For purposes of this subsection,
37 "extended warranty" means an agreement for a specified duration to
38 perform the replacement or repair of tangible personal property at no

1 additional charge or a reduced charge for tangible personal property,
2 labor, or both, or to provide indemnification for the replacement or
3 repair of tangible personal property, based on the occurrence of
4 specified events. The term "extended warranty" does not include an
5 agreement, otherwise meeting the definition of extended warranty in
6 this subsection, if no separate charge is made for the agreement and
7 the value of the agreement is included in the sales price of the
8 tangible personal property covered by the agreement. For purposes of
9 this subsection, "sales price" has the same meaning as in RCW
10 82.08.010.

11 (8) The term shall not include the sale of or charge made for labor
12 and services rendered in respect to the building, repairing, or
13 improving of any street, place, road, highway, easement, right of way,
14 mass public transportation terminal or parking facility, bridge,
15 tunnel, or trestle which is owned by a municipal corporation or
16 political subdivision of the state or by the United States and which is
17 used or to be used primarily for foot or vehicular traffic including
18 mass transportation vehicles of any kind.

19 (9) The term shall also not include sales of chemical sprays or
20 washes to persons for the purpose of postharvest treatment of fruit for
21 the prevention of scald, fungus, mold, or decay, nor shall it include
22 sales of feed, seed, seedlings, fertilizer, agents for enhanced
23 pollination including insects such as bees, and spray materials to:
24 (a) Persons who participate in the federal conservation reserve
25 program, the environmental quality incentives program, the wetlands
26 reserve program, and the wildlife habitat incentives program, or their
27 successors administered by the United States department of agriculture;
28 (b) farmers for the purpose of producing for sale any agricultural
29 product; and (c) farmers acting under cooperative habitat development
30 or access contracts with an organization exempt from federal income tax
31 under 26 U.S.C. Sec. 501(c)(3) or the Washington state department of
32 fish and wildlife to produce or improve wildlife habitat on land that
33 the farmer owns or leases.

34 (10) The term shall not include the sale of or charge made for
35 labor and services rendered in respect to the constructing, repairing,
36 decorating, or improving of new or existing buildings or other
37 structures under, upon, or above real property of or for the United
38 States, any instrumentality thereof, or a county or city housing

1 authority created pursuant to chapter 35.82 RCW, including the
2 installing, or attaching of any article of tangible personal property
3 therein or thereto, whether or not such personal property becomes a
4 part of the realty by virtue of installation. Nor shall the term
5 include the sale of services or charges made for the clearing of land
6 and the moving of earth of or for the United States, any
7 instrumentality thereof, or a county or city housing authority. Nor
8 shall the term include the sale of services or charges made for
9 cleaning up for the United States, or its instrumentalities,
10 radioactive waste and other byproducts of weapons production and
11 nuclear research and development.

12 (11) The term shall not include the sale of or charge made for
13 labor, services, or tangible personal property pursuant to agreements
14 providing maintenance services for bus, rail, or rail fixed guideway
15 equipment when a regional transit authority is the recipient of the
16 labor, services, or tangible personal property, and a transit agency,
17 as defined in RCW 81.104.015, performs the labor or services.

18 **Sec. 5.** RCW 82.04.250 and 2003 2nd sp.s. c 1 s 2 are each amended
19 to read as follows:

20 (1) Upon every person (~~((except persons taxable under RCW 82.04.260~~
21 ~~(5) or (13), 82.04.272, or subsection (2) of this section))~~) engaging
22 within this state in the business of making sales at retail, except
23 persons taxable as retailers under other provisions of this chapter, as
24 to such persons, the amount of tax with respect to such business shall
25 be equal to the gross proceeds of sales of the business, multiplied by
26 the rate of 0.471 percent.

27 (2) Upon every person engaging within this state in the business of
28 making sales at retail that are exempt from the tax imposed under
29 chapter 82.08 RCW by reason of RCW 82.08.0261, 82.08.0262, or
30 82.08.0263, ~~except persons taxable under RCW 82.04.260((+13))~~ (11), as
31 to such persons, the amount of tax with respect to such business shall
32 be equal to the gross proceeds of sales of the business, multiplied by
33 the rate of 0.484 percent.

34 **Sec. 6.** RCW 82.04.260 and 2006 c 354 s 4 and 2006 c 300 s 1 are
35 each reenacted and amended to read as follows:

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

3 (a) Wheat into flour, barley into pearl barley, soybeans into
4 soybean oil, canola into canola oil, canola meal, or canola byproducts,
5 or sunflower seeds into sunflower oil; as to such persons the amount of
6 tax with respect to such business shall be equal to the value of the
7 flour, pearl barley, oil, canola meal, or canola byproduct
8 manufactured, multiplied by the rate of 0.138 percent;

9 (b) Beginning July 1, 2012, seafood products (~~which~~) that remain
10 in a raw, raw frozen, or raw salted state at the completion of the
11 manufacturing by that person; or selling manufactured seafood products
12 that remain in a raw, raw frozen, or raw salted state at the completion
13 of the manufacturing, to purchasers who transport in the ordinary
14 course of business the goods out of this state; as to such persons the
15 amount of tax with respect to such business shall be equal to the value
16 of the products manufactured or the gross proceeds derived from such
17 sales, multiplied by the rate of 0.138 percent. Sellers must keep and
18 preserve records for the period required by RCW 82.32.070 establishing
19 that the goods were transported by the purchaser in the ordinary course
20 of business out of this state;

21 (c) Beginning July 1, 2012, dairy products that as of September 20,
22 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,
23 including byproducts from the manufacturing of the dairy products such
24 as whey and casein; or selling the same to purchasers who transport in
25 the ordinary course of business the goods out of state; as to such
26 persons the tax imposed shall be equal to the value of the products
27 manufactured or the gross proceeds derived from such sales multiplied
28 by the rate of 0.138 percent. Sellers must keep and preserve records
29 for the period required by RCW 82.32.070 establishing that the goods
30 were transported by the purchaser in the ordinary course of business
31 out of this state;

32 (d) Beginning July 1, 2012, fruits or vegetables by canning,
33 preserving, freezing, processing, or dehydrating fresh fruits or
34 vegetables, or selling at wholesale fruits or vegetables manufactured
35 by the seller by canning, preserving, freezing, processing, or
36 dehydrating fresh fruits or vegetables and sold to purchasers who
37 transport in the ordinary course of business the goods out of this
38 state; as to such persons the amount of tax with respect to such

1 business shall be equal to the value of the products manufactured or
2 the gross proceeds derived from such sales multiplied by the rate of
3 0.138 percent. Sellers must keep and preserve records for the period
4 required by RCW 82.32.070 establishing that the goods were transported
5 by the purchaser in the ordinary course of business out of this state;

6 (e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or biodiesel
7 feedstock, as those terms are defined in RCW 82.29A.135; as to such
8 persons the amount of tax with respect to the business shall be equal
9 to the value of alcohol fuel, biodiesel fuel, or biodiesel feedstock
10 manufactured, multiplied by the rate of 0.138 percent; and

11 (f) Alcohol fuel or wood biomass fuel, as those terms are defined
12 in RCW 82.29A.135; as to such persons the amount of tax with respect to
13 the business shall be equal to the value of alcohol fuel or wood
14 biomass fuel manufactured, multiplied by the rate of 0.138 percent.

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

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

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

29 (5) Upon every person engaging within this state in the business of
30 acting as a travel agent or tour operator; as to such persons the
31 amount of the tax with respect to such activities shall be equal to the
32 gross income derived from such activities multiplied by the rate of
33 0.275 percent.

34 (6) Upon every person engaging within this state in business as an
35 international steamship agent, international customs house broker,
36 international freight forwarder, vessel and/or cargo charter broker in
37 foreign commerce, and/or international air cargo agent; as to such

1 persons the amount of the tax with respect to only international
2 activities shall be equal to the gross income derived from such
3 activities multiplied by the rate of 0.275 percent.

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

33 (8) Upon every person engaging within this state in the business of
34 disposing of low-level waste, as defined in RCW 43.145.010; as to such
35 persons the amount of the tax with respect to such business shall be
36 equal to the gross income of the business, excluding any fees imposed
37 under chapter 43.200 RCW, multiplied by the rate of 3.3 percent.

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

5 (9) Upon every person engaging within this state as an insurance
6 agent, insurance broker, or insurance solicitor licensed under chapter
7 48.17 RCW; as to such persons, the amount of the tax with respect to
8 such licensed activities shall be equal to the gross income of such
9 business multiplied by the rate of 0.484 percent.

10 (10) Upon every person engaging within this state in business as a
11 hospital, as defined in chapter 70.41 RCW, that is operated as a
12 nonprofit corporation or by the state or any of its political
13 subdivisions, as to such persons, the amount of tax with respect to
14 such activities shall be equal to the gross income of the business
15 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5
16 percent thereafter. The moneys collected under this subsection shall
17 be deposited in the health services account created under RCW
18 43.72.900.

19 (11)(a) Beginning October 1, 2005, upon every person engaging
20 within this state in the business of manufacturing commercial
21 airplanes, or components of such airplanes, as to such persons the
22 amount of tax with respect to such business shall, in the case of
23 manufacturers, be equal to the value of the product manufactured, or in
24 the case of processors for hire, be equal to the gross income of the
25 business, multiplied by the rate of:

26 (i) 0.4235 percent from October 1, 2005, through the later of June
27 30, 2007, or the day preceding the date final assembly of a
28 superefficient airplane begins in Washington state, as determined under
29 RCW 82.32.550; and

30 (ii) 0.2904 percent beginning on the later of July 1, 2007, or the
31 date final assembly of a superefficient airplane begins in Washington
32 state, as determined under RCW 82.32.550.

33 (b) Beginning October 1, 2005, upon every person engaging within
34 this state in the business of making sales, at retail or wholesale, of
35 commercial airplanes, or components of such airplanes, manufactured by
36 that person, as to such persons the amount of tax with respect to such
37 business shall be equal to the gross proceeds of sales of the airplanes
38 or components multiplied by the rate of:

1 (i) 0.4235 percent from October 1, 2005, through the later of June
2 30, 2007, or the day preceding the date final assembly of a
3 superefficient airplane begins in Washington state, as determined under
4 RCW 82.32.550; and

5 (ii) 0.2904 percent beginning on the later of July 1, 2007, or the
6 date final assembly of a superefficient airplane begins in Washington
7 state, as determined under RCW 82.32.550.

8 (c) For the purposes of this subsection (11), "commercial
9 airplane," "component," and "final assembly of a superefficient
10 airplane" have the meanings given in RCW 82.32.550.

11 (d) In addition to all other requirements under this title, a
12 person eligible for the tax rate under this subsection (11) must report
13 as required under RCW 82.32.545.

14 (e) This subsection (11) does not apply after the earlier of: July
15 1, 2024; or December 31, 2007, if assembly of a superefficient airplane
16 does not begin by December 31, 2007, as determined under RCW 82.32.550.

17 (12)(a) Until July 1, 2024, upon every person engaging within this
18 state in the business of extracting timber or extracting for hire
19 timber; as to such persons the amount of tax with respect to the
20 business shall, in the case of extractors, be equal to the value of
21 products, including byproducts, extracted, or in the case of extractors
22 for hire, be equal to the gross income of the business, multiplied by
23 the rate of 0.4235 percent from July 1, 2006, through June 30, 2007,
24 and 0.2904 percent from July 1, 2007, through June 30, 2024.

25 (b) Until July 1, 2024, upon every person engaging within this
26 state in the business of manufacturing or processing for hire: (i)
27 Timber into timber products or wood products; or (ii) timber products
28 into other timber products or wood products; as to such persons the
29 amount of the tax with respect to the business shall, in the case of
30 manufacturers, be equal to the value of products, including byproducts,
31 manufactured, or in the case of processors for hire, be equal to the
32 gross income of the business, multiplied by the rate of 0.4235 percent
33 from July 1, 2006, through June 30, 2007, and 0.2904 percent from July
34 1, 2007, through June 30, 2024.

35 (c) Until July 1, 2024, upon every person engaging within this
36 state in the business of selling at wholesale: (i) Timber extracted by
37 that person; (ii) timber products manufactured by that person from
38 timber or other timber products; or (iii) wood products manufactured by

1 that person from timber or timber products; as to such persons the
2 amount of the tax with respect to the business shall be equal to the
3 gross proceeds of sales of the timber, timber products, or wood
4 products multiplied by the rate of 0.4235 percent from July 1, 2006,
5 through June 30, 2007, and 0.2904 percent from July 1, 2007, through
6 June 30, 2024.

7 (d) For purposes of this subsection, the following definitions
8 apply:

9 (i) "Timber products" means logs, wood chips, sawdust, wood waste,
10 and similar products obtained wholly from the processing of timber;
11 pulp; and recycled paper products.

12 (ii) "Wood products" means paper and paper products; dimensional
13 lumber; engineered wood products such as particleboard, oriented strand
14 board, medium density fiberboard, and plywood; wood doors; and wood
15 windows.

16 (13) Upon every person engaging within this state in inspecting,
17 testing, labeling, and storing canned salmon owned by another person,
18 as to such persons, the amount of tax with respect to such activities
19 shall be equal to the gross income derived from such activities
20 multiplied by the rate of 0.484 percent.

21 **Sec. 7.** RCW 82.04.261 and 2006 c 300 s 2 are each amended to read
22 as follows:

23 (1) In addition to the taxes imposed under RCW 82.04.260(12), a
24 surcharge is imposed on those persons who are subject to any of the
25 taxes imposed under RCW 82.04.260(12). Except as otherwise provided in
26 this section, the surcharge is equal to 0.052 percent. The surcharge
27 is added to the rates provided in RCW 82.04.260(12) (a), (b), and (c).

28 (2) All receipts from the surcharge imposed under this section
29 shall be deposited into the forest and fish support account created in
30 RCW 76.09.405.

31 (3)(a) The surcharge imposed under this section shall be suspended
32 if:

33 (i) Receipts from the surcharge total at least eight million
34 dollars during any fiscal biennium; or

35 (ii) The office of financial management certifies to the department
36 that the federal government has appropriated at least two million

1 dollars for participation in forest and fish report-related activities
2 by federally recognized Indian tribes located within the geographical
3 boundaries of the state of Washington for any federal fiscal year.

4 (b)(i) The suspension of the surcharge under (a)(i) of this
5 subsection (3) shall take effect on the first day of the calendar month
6 that is at least thirty days after the end of the month during which
7 the department determines that receipts from the surcharge total at
8 least eight million dollars during the fiscal biennium. The surcharge
9 shall be imposed again at the beginning of the following fiscal
10 biennium.

11 (ii) The suspension of the surcharge under (a)(ii) of this
12 subsection (3) shall take effect on the later of the first day of
13 October of any federal fiscal year for which the federal government
14 appropriates at least two million dollars for participation in forest
15 and fish report-related activities by federally recognized Indian
16 tribes located within the geographical boundaries of the state of
17 Washington, or the first day of a calendar month that is at least
18 thirty days following the date that the office of financial management
19 makes a certification to the department under subsection (5) of this
20 section. The surcharge shall be imposed again on the first day of the
21 following July.

22 (4)(a) If, by October 1st of any federal fiscal year, the office of
23 financial management certifies to the department that the federal
24 government has appropriated funds for participation in forest and fish
25 report-related activities by federally recognized Indian tribes located
26 within the geographical boundaries of the state of Washington but the
27 amount of the appropriation is less than two million dollars, the
28 department shall adjust the surcharge in accordance with this
29 subsection.

30 (b) The department shall adjust the surcharge by an amount that the
31 department estimates will cause the amount of funds deposited into the
32 forest and fish support account for the state fiscal year that begins
33 July 1st and that includes the beginning of the federal fiscal year for
34 which the federal appropriation is made, to be reduced by twice the
35 amount of the federal appropriation for participation in forest and
36 fish report-related activities by federally recognized Indian tribes
37 located within the geographical boundaries of the state of Washington.

1 (c) Any adjustment in the surcharge shall take effect at the
2 beginning of a calendar month that is at least thirty days after the
3 date that the office of financial management makes the certification
4 under subsection (5) of this section.

5 (d) The surcharge shall be imposed again at the rate provided in
6 subsection (1) of this section on the first day of the following state
7 fiscal year unless the surcharge is suspended under subsection (3) of
8 this section or adjusted for that fiscal year under this subsection.

9 (e) Adjustments of the amount of the surcharge by the department
10 are final and shall not be used to challenge the validity of the
11 surcharge imposed under this section.

12 (f) The department shall provide timely notice to affected
13 taxpayers of the suspension of the surcharge or an adjustment of the
14 surcharge.

15 (5) The office of financial management shall make the certification
16 to the department as to the status of federal appropriations for tribal
17 participation in forest and fish report-related activities.

18 **Sec. 8.** RCW 82.04.294 and 2005 c 301 s 2 are each amended to read
19 as follows:

20 (1) Beginning October 1, 2005, upon every person engaging within
21 this state in the business of manufacturing solar energy systems using
22 photovoltaic modules, or ~~((silicon))~~ of manufacturing solar grade
23 silicon to be used exclusively in components of such systems; as to
24 such persons the amount of tax with respect to such business shall, in
25 the case of manufacturers, be equal to the value of the product
26 manufactured, or in the case of processors for hire, be equal to the
27 gross income of the business, multiplied by the rate of 0.2904 percent.

28 (2) Beginning October 1, 2005, upon every person engaging within
29 this state in the business of making sales at wholesale of solar energy
30 systems using photovoltaic modules, or ~~((silicon))~~ of solar grade
31 silicon to be used exclusively in components of such systems,
32 manufactured by that person; as to such persons the amount of tax with
33 respect to such business shall be equal to the gross proceeds of sales
34 of the solar energy systems using photovoltaic modules, or of the solar
35 grade silicon to be used exclusively in components of such systems,
36 multiplied by the rate of 0.2904 percent.

1 (3) The definitions in this subsection apply throughout this
2 section.

3 (a) "Module" means the smallest nondivisible self-contained
4 physical structure housing interconnected photovoltaic cells and
5 providing a single direct current electrical output.

6 (b) "Photovoltaic cell" means a device that converts light directly
7 into electricity without moving parts.

8 (c) "Solar energy system" means any device or combination of
9 devices or elements that rely upon direct sunlight as an energy source
10 for use in the generation of electricity.

11 (d) "Solar grade silicon" means high-purity silicon used
12 exclusively in components of solar energy systems using photovoltaic
13 modules to capture direct sunlight. "Solar grade silicon" does not
14 include silicon used in semiconductors.

15 (4) This section expires June 30, 2014.

16 **Sec. 9.** RCW 82.04.4281 and 2002 c 150 s 2 are each amended to read
17 as follows:

18 (1) In computing tax there may be deducted from the measure of tax:

19 (a) Amounts derived from investments;

20 (b) Amounts derived as dividends or distributions from (~~{the}~~)
21 the capital account by a parent from its subsidiary entities; and

22 (c) Amounts derived from interest on loans between subsidiary
23 entities and a parent entity or between subsidiaries of a common parent
24 entity, but only if the total investment and loan income is less than
25 five percent of gross receipts of the business annually.

26 (2) The following are not deductible under subsection (1)(a) of
27 this section:

28 (a) Amounts received from loans, except as provided in subsection
29 (1)(c) of this section, or the extension of credit to another,
30 revolving credit arrangements, installment sales, the acceptance of
31 payment over time for goods or services, or any of the foregoing that
32 have been transferred by the originator of the same to an affiliate of
33 the transferor; or

34 (b) Amounts received by a banking, lending, or security business.

35 (3) The definitions in this subsection apply only to this section.

36 (a) "Banking business" means a person engaging in business as a
37 national or state-chartered bank, a mutual savings bank, a savings and

1 loan association, a trust company, an alien bank, a foreign bank, a
2 credit union, a stock savings bank, or a similar entity that is
3 chartered under Title 30, 31, 32, or 33 RCW, or organized under Title
4 12 U.S.C.

5 (b) "Lending business" means a person engaged in the business of
6 making secured or unsecured loans of money, or extending credit, and
7 (i) more than one-half of the person's gross income is earned from such
8 activities and (ii) more than one-half of the person's total
9 expenditures are incurred in support of such activities.

10 (c) The terms "loan" and "extension of credit" do not include
11 ownership of or trading in publicly traded debt instruments, or
12 substantially equivalent instruments offered in a private placement.

13 (d) "Security business" means a person, other than an issuer, who
14 is engaged in the business of effecting transactions in securities as
15 a broker, dealer, or broker-dealer, as those terms are defined in the
16 securities act of Washington, chapter 21.20 RCW, or the federal
17 securities act of 1933. "Security business" does not include any
18 company excluded from the definition of broker or dealer under the
19 federal investment company act of 1940 or any entity that is not an
20 investment company by reason of sections 3(c)(1) and 3(c)(3) through
21 3(c)(14) thereof.

22 **Sec. 10.** RCW 82.04.440 and 2006 c 300 s 8 are each amended to read
23 as follows:

24 (1) Every person engaged in activities ~~((which))~~ that are ~~((within~~
25 ~~the purview of the provisions of two or more of sections))~~ subject to
26 tax under two or more provisions of RCW 82.04.230 ~~((to))~~ through
27 82.04.298, inclusive, shall be taxable under each ~~((paragraph))~~
28 provision applicable to ~~((the))~~ those activities ~~((engaged in))~~.

29 (2) Persons taxable under RCW 82.04.2909(2), 82.04.250, 82.04.270,
30 82.04.294(2), or 82.04.260 (4), (11), or (12) with respect to selling
31 products in this state, including those persons who are also taxable
32 under RCW 82.04.261, shall be allowed a credit against those taxes for
33 any (a) manufacturing taxes paid with respect to the manufacturing of
34 products so sold in this state, and/or (b) extracting taxes paid with
35 respect to the extracting of products so sold in this state or
36 ingredients of products so sold in this state. Extracting taxes taken
37 as credit under subsection (3) of this section may also be taken under

1 this subsection, if otherwise allowable under this subsection. The
2 amount of the credit shall not exceed the tax liability arising under
3 this chapter with respect to the sale of those products.

4 (3) Persons taxable as manufacturers under RCW 82.04.240 or
5 82.04.260 (1)(b) or (12), including those persons who are also taxable
6 under RCW 82.04.261, shall be allowed a credit against those taxes for
7 any extracting taxes paid with respect to extracting the ingredients of
8 the products so manufactured in this state. The amount of the credit
9 shall not exceed the tax liability arising under this chapter with
10 respect to the manufacturing of those products.

11 (4) Persons taxable under RCW 82.04.230, 82.04.240, 82.04.2909(1),
12 82.04.294(1), or 82.04.260 (1), (2), (4), (11), or (12), including
13 those persons who are also taxable under RCW 82.04.261, with respect to
14 extracting or manufacturing products in this state shall be allowed a
15 credit against those taxes for any (i) gross receipts taxes paid to
16 another state with respect to the sales of the products so extracted or
17 manufactured in this state, (ii) manufacturing taxes paid with respect
18 to the manufacturing of products using ingredients so extracted in this
19 state, or (iii) manufacturing taxes paid with respect to manufacturing
20 activities completed in another state for products so manufactured in
21 this state. The amount of the credit shall not exceed the tax
22 liability arising under this chapter with respect to the extraction or
23 manufacturing of those products.

24 (5) For the purpose of this section:

25 (a) "Gross receipts tax" means a tax:

26 (i) Which is imposed on or measured by the gross volume of
27 business, in terms of gross receipts or in other terms, and in the
28 determination of which the deductions allowed would not constitute the
29 tax an income tax or value added tax; and

30 (ii) Which is also not, pursuant to law or custom, separately
31 stated from the sales price.

32 (b) "State" means (i) the state of Washington, (ii) a state of the
33 United States other than Washington, or any political subdivision of
34 such other state, (iii) the District of Columbia, and (iv) any foreign
35 country or political subdivision thereof.

36 (c) "Manufacturing tax" means a gross receipts tax imposed on the
37 act or privilege of engaging in business as a manufacturer, and
38 includes (i) the taxes imposed in RCW 82.04.240, 82.04.2909(1),

1 82.04.260 (1), (2), (4), (11), and (12), and 82.04.294(1); (ii) the tax
2 imposed under RCW 82.04.261 on persons who are engaged in business as
3 a manufacturer; and (iii) similar gross receipts taxes paid to other
4 states.

5 (d) "Extracting tax" means a gross receipts tax imposed on the act
6 or privilege of engaging in business as an extractor, and includes (i)
7 the tax imposed on extractors in RCW 82.04.230 and 82.04.260(12); (ii)
8 the tax imposed under RCW 82.04.261 on persons who are engaged in
9 business as an extractor; and (iii) similar gross receipts taxes paid
10 to other states.

11 (e) "Business", "manufacturer", "extractor", and other terms used
12 in this section have the meanings given in RCW 82.04.020 through
13 82.04.212, notwithstanding the use of those terms in the context of
14 describing taxes imposed by other states.

15 **Sec. 11.** RCW 82.04.4461 and 2003 2nd sp.s. c 1 s 7 are each
16 amended to read as follows:

17 (1)(a) In computing the tax imposed under this chapter, a credit is
18 allowed for each person for qualified preproduction development
19 (~~(spending)~~) expenditures occurring after December 1, 2003.

20 (b) Before July 1, 2005, any credits earned under this section must
21 be accrued and carried forward and may not be used until July 1, 2005.
22 These carryover credits may be used at any time thereafter, and may be
23 carried over until used. Refunds may not be granted in the place of a
24 credit.

25 (2) The credit is equal to the amount of qualified preproduction
26 development expenditures of a person, multiplied by the rate of 1.5
27 percent.

28 (3) Except as provided in subsection (1)(b) of this section the
29 credit shall be taken against taxes due for the same calendar year in
30 which the qualified preproduction development expenditures are
31 incurred. Credit earned on or after July 1, 2005, may not be carried
32 over. The credit for each calendar year shall not exceed the amount of
33 tax otherwise due under this chapter for the calendar year. Refunds
34 may not be granted in the place of a credit.

35 (4) Any person claiming the credit shall file an affidavit form
36 prescribed by the department that shall include the amount of the
37 credit claimed, an estimate of the anticipated preproduction

1 development expenditures during the calendar year for which the credit
2 is claimed, an estimate of the taxable amount during the calendar year
3 for which the credit is claimed, and such additional information as the
4 department may prescribe.

5 (5) The definitions in this subsection apply throughout this
6 section.

7 (a) "Aeronautics" means the study of flight and the science of
8 building and operating commercial aircraft.

9 (b) "Person" means a person as defined in RCW 82.04.030, who is a
10 manufacturer or processor for hire of commercial airplanes, or
11 components of such airplanes, as those terms are defined in RCW
12 82.32.550.

13 (c) "Preproduction development" means research, design, and
14 engineering activities performed in relation to the development of a
15 product, product line, model, or model derivative, including prototype
16 development, testing, and certification. The term includes the
17 discovery of technological information, the translating of
18 technological information into new or improved products, processes,
19 techniques, formulas, or inventions, and the adaptation of existing
20 products and models into new products or new models, or derivatives of
21 products or models. The term does not include manufacturing activities
22 or other production-oriented activities, however the term does include
23 tool design and engineering design for the manufacturing process. The
24 term does not include surveys and studies, social science and
25 humanities research, market research or testing, quality control, sale
26 promotion and service, computer software developed for internal use,
27 and research in areas such as improved style, taste, and seasonal
28 design.

29 ~~((("Preproduction development spending" means qualified
30 preproduction development expenditures plus eighty percent of amounts
31 paid to a person other than a public educational or research
32 institution to conduct qualified preproduction development.~~

33 ~~(e))~~ "Qualified preproduction development" means preproduction
34 development performed within this state in the field of aeronautics.

35 ~~((f))~~ (e) "Qualified preproduction development expenditures"
36 means operating expenses, including wages, compensation of a proprietor
37 or a partner in a partnership as determined by the department,
38 benefits, supplies, and computer expenses, directly incurred in

1 qualified preproduction development by a person claiming the credit
2 provided in this section. The term does not include amounts paid to a
3 person other than a public educational or research institution to
4 conduct qualified preproduction development. The term does not include
5 capital costs and overhead, such as expenses for land, structures, or
6 depreciable property.

7 ~~((g))~~ (f) "Taxable amount" means the taxable amount subject to
8 the tax imposed in this chapter required to be reported on the person's
9 tax returns during the year in which the credit is claimed, less any
10 taxable amount for which a credit is allowed under RCW 82.04.440.

11 (6) In addition to all other requirements under this title, a
12 person taking the credit under this section must report as required
13 under RCW 82.32.545.

14 (7) Credit may not be claimed for expenditures for which a credit
15 is claimed under RCW 82.04.4452.

16 (8) This section expires July 1, 2024.

17 **Sec. 12.** RCW 82.04.4462 and 2003 2nd sp.s. c 1 s 8 are each
18 amended to read as follows:

19 (1) In computing the tax imposed under this chapter, a credit is
20 allowed for the investment related to design and preproduction
21 development computer software and hardware acquired between July 1,
22 1995, and December 1, 2003, and used by an eligible person primarily
23 for the digital design and development of commercial airplanes. The
24 credit shall be equal to the purchase price of such property,
25 multiplied by 8.44 percent. Credit taken in any one calendar year may
26 not exceed ten million dollars, and total lifetime credit taken under
27 this section by any one person may not exceed twenty million dollars.
28 Credit may be carried over until used.

29 (2) The definitions in this subsection apply throughout this
30 section.

31 (a) "Commercial airplane" has the meaning given in RCW 82.32.550.

32 (b) "Design and preproduction development computer software and
33 hardware" means computer-aided three-dimensional interactive
34 applications and other solid modeling computer technology that allow
35 for electronic design and testing during product development.

36 (c) "Eligible person" means a person as defined in RCW 82.04.030,
37 who is a manufacturer of commercial airplanes.

1 (3) An application must be made to the department before taking the
2 credit under this section. The application shall be made to the
3 department in a form and manner prescribed by the department. The
4 application shall contain information regarding the uses of the
5 computer software and hardware, purchase price, dates of acquisition,
6 and other information required by the department. The department shall
7 rule on the application within sixty days. All applications must be
8 received by the department within one year of December 1, 2003.

9 (4) This section expires (~~July 1, 2024~~) on the effective date of
10 this section.

11 **Sec. 13.** RCW 82.04.530 and 2004 c 153 s 410 are each amended to
12 read as follows:

13 For purposes of this chapter, a telephone business other than a
14 mobile telecommunications service provider must calculate gross
15 proceeds of (~~retail~~) sales in a manner consistent with the sourcing
16 rules provided in RCW 82.32.520. The department may adopt rules to
17 implement this section, including rules that provide a formulary method
18 of determining gross proceeds that reasonably approximates the taxable
19 activity of a telephone business.

20 **Sec. 14.** RCW 82.08.02745 and 1997 c 438 s 1 are each amended to
21 read as follows:

22 (1) The tax levied by RCW 82.08.020 shall not apply to charges made
23 for labor and services rendered by any person in respect to the
24 constructing, repairing, decorating, or improving of new or existing
25 buildings or other structures used as agricultural employee housing, or
26 to sales of tangible personal property that becomes an ingredient or
27 component of the buildings or other structures during the course of the
28 constructing, repairing, decorating, or improving the buildings or
29 other structures(~~, but~~). The exemption is available only if the
30 buyer provides the seller with an exemption certificate in a form and
31 manner prescribed by the department by rule.

32 (2) The exemption provided in this section for agricultural
33 employee housing provided to year-round employees of the agricultural
34 employer, only applies if that housing is built to the current building
35 code for single-family or multifamily dwellings according to the state
36 building code, chapter 19.27 RCW.

1 (3) Any agricultural employee housing built under this section
2 shall be used according to this section for at least five consecutive
3 years from the date the housing is approved for occupancy, or the full
4 amount of tax otherwise due shall be immediately due and payable
5 together with interest, but not penalties, from the date the housing is
6 approved for occupancy until the date of payment. If at any time
7 agricultural employee housing that is not located on agricultural land
8 ceases to be used in the manner specified in subsection (2) of this
9 section, the full amount of tax otherwise due shall be immediately due
10 and payable with interest, but not penalties, from the date the housing
11 ceases to be used as agricultural employee housing until the date of
12 payment.

13 (4) The exemption provided in this section shall not apply to
14 housing built for the occupancy of an employer, family members of an
15 employer, or persons owning stock or shares in a farm partnership or
16 corporation business.

17 (5) For purposes of this section and RCW 82.12.02685:

18 (a) "Agricultural employee" or "employee" has the same meaning as
19 given in RCW 19.30.010;

20 (b) "Agricultural employer" or "employer" has the same meaning as
21 given in RCW 19.30.010; and

22 (c) "Agricultural employee housing" means all facilities provided
23 by an agricultural employer, housing authority, local government, state
24 or federal agency, nonprofit community or neighborhood-based
25 organization that is exempt from income tax under section 501(c) of the
26 internal revenue code of 1986 (26 U.S.C. Sec. 501(c)), or for-profit
27 provider of housing for housing agricultural employees on a year-round
28 or seasonal basis, including bathing, food handling, hand washing,
29 laundry, and toilet facilities, single-family and multifamily dwelling
30 units and dormitories, and includes labor camps under RCW (~~(70.54.110)~~)
31 70.114A.110. "Agricultural employee housing" does not include housing
32 regularly provided on a commercial basis to the general public.
33 "Agricultural employee housing" does not include housing provided by a
34 housing authority unless at least eighty percent of the occupants are
35 agricultural employees whose adjusted income is less than fifty percent
36 of median family income, adjusted for household size, for the county
37 where the housing is provided.

1 **Sec. 15.** RCW 82.08.841 and 2005 c 420 s 2 are each amended to read
2 as follows:

3 (1) The definitions in this subsection apply throughout this
4 section.

5 (a) "Cereal grain" means and includes only wheat, oats, barley, and
6 corn.

7 (b) "Fiscal year" means a year that begins July 1st and ends June
8 30th of the following year.

9 (c) "Qualified farmer" means a farmer as defined in RCW 82.04.213
10 who has more than fifty percent of his or her tillable acres in cereal
11 grains and/or field and turf grass grown for seed in qualified
12 counties.

13 (d) "Qualified counties" means those counties in Washington state
14 where cereal grain harvested within the county is estimated to have
15 exceeded fifteen thousand acres for the calendar year that ends six
16 months before the beginning of the fiscal year during which an
17 exemption is claimed, as determined by the department in accordance
18 with subsection (4) of this section.

19 For the purposes of this subsection (1)(d), "the fiscal year during
20 which an exemption is claimed" means: (i) For an exemption under this
21 section, the fiscal year during which the sale took place for which an
22 exemption under this section is claimed; or (ii) for an exemption under
23 RCW 82.12.841, the fiscal year during which the person claiming the
24 exemption makes first taxable use of the tangible personal property in
25 this state.

26 (2) The tax levied by RCW 82.08.020 does not apply to:

27 (a) Sales of the following machinery and equipment to qualified
28 farmers: No-till drills, minimum-till drills, chisels, plows,
29 sprayers, discs, cultivators, harrows, mowers, swathers, power rakes,
30 balers, bale handlers, shredders, transplanters, tractors two hundred
31 fifty horsepower and over designed to pull conservation equipment on
32 steep hills and highly erodible lands, and combine components limited
33 to straw choppers, chaff spreaders, and stripper headers; and

34 (b) Labor and services rendered in respect to constructing hay
35 sheds for qualified farmers or to sales of tangible personal property
36 to qualified farmers that becomes an ingredient or component of hay
37 sheds during the course of the constructing.

1 ~~((2))~~ (3)(a) No application is necessary for the tax exemption in
2 this section. A person taking the exemption under this section must
3 keep records necessary for the department to verify eligibility. The
4 department may request from a qualified farmer, copies of farm service
5 agency or crop insurance records for verification purposes, however
6 information obtained from farm service agency or crop insurance records
7 is deemed taxpayer information under RCW 82.32.330 and is not
8 disclosable.

9 (b) The exemption is available only when the buyer provides the
10 seller with an exemption certificate in a form and manner prescribed by
11 the department. The seller shall retain a copy of the certificate for
12 the seller's files.

13 ~~((3) The definitions in this subsection apply to this section.~~

14 ~~(a) "Qualified farmer" means a farmer as defined in RCW 82.04.213
15 who has more than fifty percent of his or her tillable acres in cereal
16 grains and/or field and turf grass grown for seed in qualified
17 counties.~~

18 ~~(b) "Qualified counties" means those counties in Washington state
19 where cereal grain production within the county exceeds fifteen
20 thousand acres.)~~

21 (4)(a) The determination of whether a county is a qualified county
22 shall be done annually on a fiscal year basis. The determination shall
23 be based solely on the most current statistics available to the public
24 from the United States department of agriculture's national
25 agricultural statistics service as of April 1st of the fiscal year
26 immediately preceding the beginning of the fiscal year for which the
27 determination is made. If statistics for any cereal grains are not
28 available for the calendar year that ends six months before the
29 beginning of the fiscal year for which a determination is made, the
30 most current statistics that are available from the national
31 agricultural statistics service shall be deemed to be statistics for
32 the calendar year that ends six months before the beginning of the
33 fiscal year for which a determination is made. If the national
34 agricultural statistics service does not provide statistics for any
35 particular cereal grain for a county, that particular cereal grain
36 shall not be included in the determination of whether the county is a
37 qualified county.

1 (b) For the purposes of this section and RCW 82.12.841, the
2 department shall make a list of qualified counties available to the
3 public on its web site and shall add or remove counties from the list
4 as necessary on an annual basis.

5 (5) The removal of a county from the list of qualified counties
6 shall not result in the imposition of the tax under this chapter or
7 chapter 82.12 RCW against a farmer with respect to tangible personal
8 property or a service for which the farmer validly claimed an exemption
9 under this section before the county was removed from the list of
10 qualified counties.

11 (6) The exemption in this section expires January 1, 2011. The
12 expiration of the exemption in this section shall not result in the
13 imposition of the tax under this chapter or chapter 82.12 RCW against
14 a farmer with respect to tangible personal property or a service for
15 which the farmer validly claimed an exemption under this section before
16 January 1, 2011.

17 (7) Neither the removal of a county from the list of qualified
18 counties nor the expiration of this section affects any existing right
19 acquired or liability or obligation incurred under this section or
20 under any rule or order adopted under this section, nor do they affect
21 any proceeding instituted under it.

22 (8) This section expires January 1, 2011.

23 **Sec. 16.** RCW 82.12.0284 and 2003 c 168 s 603 are each amended to
24 read as follows:

25 The provisions of this chapter shall not apply in respect to the
26 use of computers, computer components, computer accessories, or
27 computer software irrevocably donated to any public or private
28 nonprofit school or college, as defined under chapter 84.36 RCW, in
29 this state. For purposes of this section, "computer" (~~has~~) and
30 "computer software" have the same meaning as in RCW 82.04.215.

31 **Sec. 17.** RCW 82.12.841 and 2005 c 420 s 3 are each amended to read
32 as follows:

33 (1) The tax levied by RCW 82.12.020 does not apply in respect to:

34 (a) The use of the following machinery and equipment by qualified
35 farmers: No-till drills, minimum-till drills, chisels, plows,
36 sprayers, discs, cultivators, harrows, mowers, swathers, power rakes,

1 balers, bale handlers, shredders, transplanters, tractors two hundred
2 fifty horsepower and over designed to pull conservation equipment on
3 steep hills and highly erodible lands, and combine components limited
4 to straw choppers, chaff spreaders, and stripper headers; and

5 (b) The use of tangible personal property that will be incorporated
6 as an ingredient or component of hay sheds by a qualified farmer,
7 during the course of constructing such hay sheds.

8 (2) The eligibility requirements, conditions, and definitions in
9 RCW 82.08.841 apply to this section.

10 (3) Neither the removal of a county from the list of qualified
11 counties nor the expiration of this section affects any existing right
12 acquired or liability or obligation incurred under this section or
13 under any rule or order adopted under this section, nor do they affect
14 any proceeding instituted under it.

15 (4) This section expires January 1, 2011.

16 **Sec. 18.** RCW 82.14B.020 and 2002 c 341 s 7 are each amended to
17 read as follows:

18 As used in this chapter:

19 (1) "Emergency services communication system" means a multicounty,
20 countywide, or districtwide radio or landline communications network,
21 including an enhanced 911 telephone system, which provides rapid public
22 access for coordinated dispatching of services, personnel, equipment,
23 and facilities for police, fire, medical, or other emergency services.

24 (2) "Enhanced 911 telephone system" means a public telephone system
25 consisting of a network, data base, and on-premises equipment that is
26 accessed by dialing 911 and that enables reporting police, fire,
27 medical, or other emergency situations to a public safety answering
28 point. The system includes the capability to selectively route
29 incoming 911 calls to the appropriate public safety answering point
30 that operates in a defined 911 service area and the capability to
31 automatically display the name, address, and telephone number of
32 incoming 911 calls at the appropriate public safety answering point.

33 (3) "Switched access line" means the telephone service line which
34 connects a subscriber's main telephone(s) or equivalent main
35 telephone(s) to the local exchange company's switching office.

36 (4) "Local exchange company" has the meaning ascribed to it in RCW
37 80.04.010.

1 (5) "Radio access line" means the telephone number assigned to or
2 used by a subscriber for two-way local wireless voice service available
3 to the public for hire from a radio communications service company.
4 Radio access lines include, but are not limited to, radio-telephone
5 communications lines used in cellular telephone service, personal
6 communications services, and network radio access lines, or their
7 functional and competitive equivalent. Radio access lines do not
8 include lines that provide access to one-way signaling service, such as
9 paging service, or to communications channels suitable only for data
10 transmission, or to nonlocal radio access line service, such as
11 wireless roaming service, or to a private telecommunications system.

12 (6) "Radio communications service company" has the meaning ascribed
13 to it in RCW 80.04.010, except that it does not include radio paging
14 providers. It does include those persons or entities that provide
15 commercial mobile radio services, as defined by 47 U.S.C. Sec.
16 332(d)(1), and both facilities-based and nonfacilities-based resellers.

17 (7) "Private telecommunications system" has the meaning ascribed to
18 it in RCW 80.04.010.

19 (8) "Subscriber" means the retail purchaser of telephone service as
20 telephone service is defined in RCW 82.04.065(3).

21 (9) "Place of primary use" has the meaning ascribed to it in (~~the~~
22 ~~federal mobile telecommunications sourcing act, P.L. 106-252~~) RCW
23 82.04.065.

24 **Sec. 19.** RCW 82.14B.030 and 2002 c 341 s 8 and 2002 c 67 s 8 are
25 each reenacted and amended to read as follows:

26 (1) The legislative authority of a county may impose a county
27 enhanced 911 excise tax on the use of switched access lines in an
28 amount not exceeding fifty cents per month for each switched access
29 line. The amount of tax shall be uniform for each switched access
30 line. Each county shall provide notice of such tax to all local
31 exchange companies serving in the county at least sixty days in advance
32 of the date on which the first payment is due.

33 (2) The legislative authority of a county may also impose a county
34 enhanced 911 excise tax on the use of radio access lines whose place of
35 primary use is located within the county in an amount not exceeding
36 fifty cents per month for each radio access line. The amount of tax
37 shall be uniform for each radio access line. (~~The location of a radio~~

1 ~~access line is the customer's place of primary use as defined in RCW~~
2 ~~82.04.065.)~~) The county shall provide notice of such tax to all radio
3 communications service companies serving in the county at least sixty
4 days in advance of the date on which the first payment is due. Any
5 county imposing this tax shall include in its ordinance a refund
6 mechanism whereby the amount of any tax ordered to be refunded by the
7 judgment of a court of record, or as a result of the resolution of any
8 appeal therefrom, shall be refunded to the radio communications service
9 company or local exchange company that collected the tax, and those
10 companies shall reimburse the subscribers who paid the tax. The
11 ordinance shall further provide that to the extent the subscribers who
12 paid the tax cannot be identified or located, the tax paid by those
13 subscribers shall be returned to the county.

14 (3) A state enhanced 911 excise tax is imposed on all switched
15 access lines in the state. The amount of tax shall not exceed twenty
16 cents per month for each switched access line. The tax shall be
17 uniform for each switched access line. The tax imposed under this
18 subsection shall be remitted to the department of revenue by local
19 exchange companies on a tax return provided by the department. Tax
20 proceeds shall be deposited by the treasurer in the enhanced 911
21 account created in RCW 38.52.540.

22 (4) A state enhanced 911 excise tax is imposed on all radio access
23 lines whose place of primary use is located within the state in an
24 amount of twenty cents per month for each radio access line. The tax
25 shall be uniform for each radio access line. The tax imposed under
26 this section shall be remitted to the department of revenue by radio
27 communications service companies, including those companies that resell
28 radio access lines, on a tax return provided by the department. Tax
29 proceeds shall be deposited by the treasurer in the enhanced 911
30 account created in RCW 38.52.540. The tax imposed under this section
31 is not subject to the state sales and use tax or any local tax.

32 (5) By August 31st of each year the state enhanced 911 coordinator
33 shall recommend the level for the next year of the state enhanced 911
34 excise tax imposed by subsection (3) of this section, based on a
35 systematic cost and revenue analysis, to the utilities and
36 transportation commission. The commission shall by the following
37 October 31st determine the level of the state enhanced 911 excise tax
38 for the following year.

1 **Sec. 20.** RCW 82.32.520 and 2004 c 153 s 403 are each amended to
2 read as follows:

3 (1) Except for the defined telecommunications services listed in
4 this section, the sale of telephone service as defined in RCW 82.04.065
5 sold on a call-by-call basis shall be sourced to (a) each level of
6 taxing jurisdiction where the call originates and terminates in that
7 jurisdiction or (b) each level of taxing jurisdiction where the call
8 either originates or terminates and in which the service address is
9 also located.

10 (2) Except for the defined telecommunications services listed in
11 this section, a sale of telephone service as defined in RCW 82.04.065
12 sold on a basis other than a call-by-call basis, is sourced to the
13 customer's place of primary use.

14 (3) The sales of telephone service as defined in RCW 82.04.065 that
15 are listed in this section shall be sourced to each level of taxing
16 jurisdiction as follows:

17 (a) A sale of mobile telecommunications services, other than air-
18 ground radiotelephone service and prepaid calling service, is sourced
19 to the customer's place of primary use as required by RCW 82.08.066.

20 (b) A sale of postpaid calling service is sourced to the
21 origination point of the telecommunications signal as first identified
22 by either (i) the seller's telecommunications system, or (ii)
23 information received by the seller from its service provider, where the
24 system used to transport such signals is not that of the seller.

25 (c) A sale of prepaid calling service is sourced as follows:

26 (i) When a prepaid calling service is received by the purchaser at
27 a business location of the seller, the sale is sourced to that business
28 location;

29 (ii) When a prepaid calling service is not received by the
30 purchaser at a business location of the seller, the sale is sourced to
31 the location where receipt by the purchaser or the purchaser's donee,
32 designated as such by the purchaser, occurs, including the location
33 indicated by instructions for delivery to the purchaser or donee, known
34 to the seller;

35 (iii) When (c)(i) and (ii) of this subsection do not apply, the
36 sale is sourced to the location indicated by an address for the
37 purchaser that is available from the business records of the seller

1 that are maintained in the ordinary course of the seller's business
2 when use of this address does not constitute bad faith;

3 (iv) When (c)(i), (ii), and (iii) of this subsection do not apply,
4 the sale is sourced to the location indicated by an address for the
5 purchaser obtained during the consummation of the sale, including the
6 address of a purchaser's payment instrument, if no other address is
7 available, when use of this address does not constitute bad faith;

8 (v) When (c)(i), (ii), (iii), and (iv) of this subsection do not
9 apply, including the circumstance where the seller is without
10 sufficient information to apply those provisions, then the location
11 shall be determined by the address from which tangible personal
12 property was shipped, from which the digital good or the computer
13 software delivered electronically was first available for transmission
14 by the seller, or from which the service defined as a retail sale under
15 RCW 82.04.050 was provided, disregarding for these purposes any
16 location that merely provided the digital transfer of the product sold;

17 (vi) In the case of a sale of mobile telecommunications service
18 that is a prepaid telecommunications service, (c)(v) of this subsection
19 shall include as an option the location associated with the mobile
20 telephone number.

21 (d) A sale of a private communication service is sourced as
22 follows:

23 (i) Service for a separate charge related to a customer channel
24 termination point is sourced to each level of jurisdiction in which
25 such customer channel termination point is located.

26 (ii) Service where all customer termination points are located
27 entirely within one jurisdiction or levels of jurisdiction is sourced
28 in such jurisdiction in which the customer channel termination points
29 are located.

30 (iii) Service for segments of a channel between two customer
31 channel termination points located in different jurisdictions and which
32 segment of channel are separately charged is sourced fifty percent in
33 each level of jurisdiction in which the customer channel termination
34 points are located.

35 (iv) Service for segments of a channel located in more than one
36 jurisdiction or levels of jurisdiction and which segments are not
37 separately billed is sourced in each jurisdiction based on the

1 percentage determined by dividing the number of customer channel
2 termination points in the jurisdiction by the total number of customer
3 channel termination points.

4 (4) The definitions in this subsection apply throughout this
5 chapter.

6 (a) "Air-ground radiotelephone service" means air-ground radio
7 service, as defined in 47 C.F.R. Sec. 22.99, as amended or renumbered
8 as of January 1, 2003, in which common carriers are authorized to offer
9 and provide radio telecommunications service for hire to subscribers in
10 aircraft.

11 (b) "Call-by-call basis" means any method of charging for
12 telecommunications services where the price is measured by individual
13 calls.

14 (c) "Communications channel" means a physical or virtual path of
15 communications over which signals are transmitted between or among
16 customer channel termination points.

17 (d) "Customer" means the person or entity that contracts with the
18 seller of telecommunications services. If the end user of
19 telecommunications services is not the contracting party, the end user
20 of the telecommunications service is the customer of the
21 telecommunications service. "Customer" does not include a reseller of
22 telecommunications service or for mobile telecommunications service of
23 a serving carrier under an agreement to serve the customer outside the
24 home service provider's licensed service area.

25 (e) "Customer channel termination point" means the location where
26 the customer either inputs or receives the communications.

27 (f) "End user" means the person who uses the telecommunications
28 service. In the case of an entity, the term end user means the
29 individual who uses the service on behalf of the entity.

30 (g) "Home service provider" means the same as that term is defined
31 in RCW 82.04.065.

32 (h) "Mobile telecommunications service" means the same as that term
33 is defined in RCW 82.04.065.

34 (i) "Place of primary use" means the street address representative
35 of where the customer's use of the telecommunications service primarily
36 occurs, which must be the residential street address or the primary
37 business street address of the customer. In the case of mobile

1 telecommunications services, "place of primary use" must be within the
2 licensed service area of the home service provider.

3 (j) "Postpaid calling service" means the telecommunications service
4 obtained by making a payment on a call-by-call basis either through the
5 use of a credit card or payment mechanism such as a bank card, travel
6 card, credit card, or debit card, or by charge made to (~~which~~) a
7 telephone number that is not associated with the origination or
8 termination of the telecommunications service. A postpaid calling
9 service includes a telecommunications service that would be a prepaid
10 calling service except it is not exclusively a telecommunications
11 service.

12 (k) "Prepaid calling service" means the right to access exclusively
13 telecommunications services, which must be paid for in advance and
14 which enables the origination of calls using an access number and/or
15 authorization code, whether manually or electronically dialed, and that
16 is sold in predetermined units or dollars of which the number declines
17 with use in a known amount.

18 (l) "Private communication service" means a telecommunications
19 service that entitles the customer to exclusive or priority use of a
20 communications channel or group of channels between or among
21 termination points, regardless of the manner in which such channel or
22 channels are connected, and includes switching capacity, extension
23 lines, stations, and any other associated services that are provided in
24 connection with the use of such channel or channels.

25 (m) "Service address" means:

26 (i) The location of the telecommunications equipment to which a
27 customer's call is charged and from which the call originates or
28 terminates, regardless of where the call is billed or paid;

29 (ii) If the location in (m)(i) of this subsection is not known, the
30 origination point of the signal of the telecommunications services
31 first identified by either the seller's telecommunications system or in
32 information received by the seller from its service provider, where the
33 system used to transport such signals is not that of the seller;

34 (iii) If the locations in (m)(i) and (ii) of this subsection are
35 not known, the location of the customer's place of primary use.

36 **Sec. 21.** RCW 82.32.545 and 2003 2nd sp.s. c 1 s 16 are each
37 amended to read as follows:

1 (1) The legislature finds that accountability and effectiveness are
2 important aspects of setting tax policy. In order to make policy
3 choices regarding the best use of limited state resources the
4 legislature needs information on how a tax incentive is used.

5 (2)(a) A person who reports taxes under RCW 82.04.260(~~((+13+))~~) (11)
6 or who claims an exemption or credit under RCW 82.04.4461, 82.08.980,
7 82.12.980, 82.29A.137, 84.36.655, and 82.04.4463 shall make an annual
8 report to the department detailing employment, wages, and employer-
9 provided health and retirement benefits per job at the manufacturing
10 site. The report shall not include names of employees. The report
11 shall also detail employment by the total number of full-time, part-
12 time, and temporary positions. The first report filed under this
13 subsection shall include employment, wage, and benefit information for
14 the twelve-month period immediately before first use of a preferential
15 tax rate under RCW 82.04.260(~~((+13+))~~) (11), or tax exemption or credit
16 under RCW 82.04.4461, 82.08.980, 82.12.980, 82.29A.137, 84.36.655, and
17 82.04.4463. The report is due by March 31st following any year in
18 which a preferential tax rate under RCW 82.04.260(~~((+13+))~~) (11) is used,
19 or tax exemption or credit under RCW 82.04.4461, 82.08.980, 82.12.980,
20 82.29A.137, 84.36.655, and 82.04.4463 is taken. This information is
21 not subject to the confidentiality provisions of RCW 82.32.330 and may
22 be disclosed to the public upon request.

23 (b) If a person fails to submit an annual report under (a) of this
24 subsection by the due date of the report, the department shall declare
25 the amount of taxes exempted or credited, or reduced in the case of the
26 preferential business and occupation tax rate, for that year to be
27 immediately due and payable. Excise taxes payable under this
28 subsection are subject to interest but not penalties, as provided under
29 this chapter. This information is not subject to the confidentiality
30 provisions of RCW 82.32.330 and may be disclosed to the public upon
31 request.

32 (3) By November 1, 2010, and by November 1, 2023, the fiscal
33 committees of the house of representatives and the senate, in
34 consultation with the department, shall report to the legislature on
35 the effectiveness of chapter 1, Laws of 2003 2nd sp. sess. in regard to
36 keeping Washington competitive. The report shall measure the effect of
37 chapter 1, Laws of 2003 2nd sp. sess. on job retention, net jobs
38 created for Washington residents, company growth, diversification of

1 the state's economy, cluster dynamics, and other factors as the
2 committees select. The reports shall include a discussion of
3 principles to apply in evaluating whether the legislature should
4 reenact any or all of the tax preferences in chapter 1, Laws of 2003
5 2nd sp. sess.

6 **Sec. 22.** RCW 82.32.550 and 2003 2nd sp.s. c 1 s 17 are each
7 amended to read as follows:

8 (1)(a) Chapter 1, Laws of 2003 2nd sp. sess. takes effect on the
9 first day of the month in which the governor and a manufacturer of
10 commercial airplanes sign a memorandum of agreement regarding an
11 affirmative final decision to site a significant commercial airplane
12 final assembly facility in Washington state. The department shall
13 provide notice of the effective date of chapter 1, Laws of 2003 2nd sp.
14 sess. to affected taxpayers, the legislature, and others as deemed
15 appropriate by the department.

16 (b) Chapter 1, Laws of 2003 2nd sp. sess. is contingent upon the
17 siting of a significant commercial airplane final assembly facility in
18 the state of Washington. If a memorandum of agreement under subsection
19 (1) of this section is not signed by June 30, 2005, chapter 1, Laws of
20 2003 2nd sp. sess. is null and void.

21 (c)(i) The department shall make a determination regarding the date
22 final assembly of a superefficient airplane begins in Washington state.
23 The rates in RCW 82.04.260(~~(+13)~~) (11) (a)(ii) and (b)(ii) take effect
24 the first day of the month such assembly begins, or July 1, 2007,
25 whichever is later. The department shall provide notice of the
26 effective date of such rates to affected taxpayers, the legislature,
27 and others as deemed appropriate by the department.

28 (ii) If on December 31, 2007, final assembly of a superefficient
29 airplane has not begun in Washington state, the department shall
30 provide notice of such to affected taxpayers, the legislature, and
31 others as deemed appropriate by the department.

32 (2) The definitions in this subsection apply throughout this
33 section.

34 (a) "Commercial airplane" has its ordinary meaning, which is an
35 airplane certified by the federal aviation administration for
36 transporting persons or property, and any military derivative of such
37 an airplane.

1 (b) "Component" means a part or system certified by the federal
2 aviation administration for installation or assembly into a commercial
3 airplane.

4 (c) "Final assembly of a superefficient airplane" means the
5 activity of assembling an airplane from components parts necessary for
6 its mechanical operation such that the finished commercial airplane is
7 ready to deliver to the ultimate consumer.

8 (d) "Significant commercial airplane final assembly facility" means
9 a location with the capacity to produce at least thirty-six
10 superefficient airplanes a year.

11 (e) "Siting" means a final decision by a manufacturer to locate a
12 significant commercial airplane final assembly facility in Washington
13 state.

14 (f) "Superefficient airplane" means a twin aisle airplane that
15 carries between two hundred and three hundred fifty passengers, with a
16 range of more than seven thousand two hundred nautical miles, a
17 cruising speed of approximately mach .85, and that uses fifteen to
18 twenty percent less fuel than other similar airplanes on the market.

19 **Sec. 23.** RCW 82.32.555 and 2004 c 76 s 1 are each amended to read
20 as follows:

21 If a taxing jurisdiction does not subject some charges for
22 telephone services to taxation, but these charges are aggregated with
23 and not separately stated from charges that are subject to taxation,
24 then the charges for nontaxable telephone services may be subject to
25 taxation unless the telephone service ((~~or~~)) provider can reasonably
26 identify charges not subject to the tax, charge, or fee from its books
27 and records that are kept in the regular course of business and for
28 purposes other than merely allocating the sales price of an aggregated
29 charge to the individually aggregated items.

30 **Sec. 24.** RCW 82.32.600 and 2006 c 354 s 16, 2006 c 300 s 11, 2006
31 c 178 s 9, 2006 c 177 s 9, and 2006 c 84 s 8 are each reenacted to read
32 as follows:

33 (1) Persons required to file annual surveys or annual reports under
34 RCW 82.04.4452 or 82.32.5351, 82.32.610, 82.32.630, 82.32.635,
35 82.32.640, or 82.74.040 must electronically file with the department
36 all surveys, reports, returns, and any other forms or information the

1 department requires in an electronic format as provided or approved by
2 the department. As used in this section, "returns" has the same
3 meaning as "return" in RCW 82.32.050.

4 (2) Any survey, report, return, or any other form or information
5 required to be filed in an electronic format under subsection (1) of
6 this section is not filed until received by the department in an
7 electronic format.

8 (3) The department may waive the electronic filing requirement in
9 subsection (1) of this section for good cause shown.

10 **Sec. 25.** RCW 82.32.600 and 2006 c 354 s 16, 2006 c 300 s 11, 2006
11 c 178 s 9, and 2006 c 177 s 9 are each reenacted to read as follows:

12 (1) Persons required to file surveys under RCW 82.04.4452,
13 82.32.610, 82.32.630, 82.32.635, or 82.32.640, or 82.74.040 must
14 electronically file with the department all surveys, returns, and any
15 other forms or information the department requires in an electronic
16 format as provided or approved by the department. As used in this
17 section, "returns" has the same meaning as "return" in RCW 82.32.050.

18 (2) Any survey, return, or any other form or information required
19 to be filed in an electronic format under subsection (1) of this
20 section is not filed until received by the department in an electronic
21 format.

22 (3) The department may waive the electronic filing requirement in
23 subsection (1) of this section for good cause shown.

24 **Sec. 26.** RCW 84.33.140 and 2005 c 303 s 13 are each amended to
25 read as follows:

26 (1) When land has been designated as forest land under RCW
27 84.33.130, a notation of the designation shall be made each year upon
28 the assessment and tax rolls. A copy of the notice of approval
29 together with the legal description or assessor's parcel numbers for
30 the land shall, at the expense of the applicant, be filed by the
31 assessor in the same manner as deeds are recorded.

32 (2) In preparing the assessment roll as of January 1, 2002, for
33 taxes payable in 2003 and each January 1st thereafter, the assessor
34 shall list each parcel of designated forest land at a value with
35 respect to the grade and class provided in this subsection and adjusted
36 as provided in subsection (3) of this section. The assessor shall

1 compute the assessed value of the land using the same assessment ratio
 2 applied generally in computing the assessed value of other property in
 3 the county. Values for the several grades of bare forest land shall be
 4 as follows:

5	LAND	OPERABILITY	VALUES
6	GRADE	CLASS	PER ACRE
7		1	\$234
8	1	2	229
9		3	217
10		4	157
11		1	198
12	2	2	190
13		3	183
14		4	132
15		1	154
16	3	2	149
17		3	148
18		4	113
19		1	117
20	4	2	114
21		3	113
22		4	86
23		1	85
24	5	2	78
25		3	77
26		4	52
27		1	43
28	6	2	39
29		3	39
30		4	37
31		1	21
32	7	2	21
33		3	20
34		4	20
35	8		1

1 (3) On or before December 31, 2001, the department shall adjust by
2 rule under chapter 34.05 RCW, the forest land values contained in
3 subsection (2) of this section in accordance with this subsection, and
4 shall certify the adjusted values to the assessor who will use these
5 values in preparing the assessment roll as of January 1, 2002. For the
6 adjustment to be made on or before December 31, 2001, for use in the
7 2002 assessment year, the department shall:

8 (a) Divide the aggregate value of all timber harvested within the
9 state between July 1, 1996, and June 30, 2001, by the aggregate harvest
10 volume for the same period, as determined from the harvester excise tax
11 returns filed with the department under RCW 84.33.074; and

12 (b) Divide the aggregate value of all timber harvested within the
13 state between July 1, 1995, and June 30, 2000, by the aggregate harvest
14 volume for the same period, as determined from the harvester excise tax
15 returns filed with the department under RCW 84.33.074; and

16 (c) Adjust the forest land values contained in subsection (2) of
17 this section by a percentage equal to one-half of the percentage change
18 in the average values of harvested timber reflected by comparing the
19 resultant values calculated under (a) and (b) of this subsection.

20 (4) For the adjustments to be made on or before December 31, 2002,
21 and each succeeding year thereafter, the same procedure described in
22 subsection (3) of this section shall be followed using harvester excise
23 tax returns filed under RCW 84.33.074. However, this adjustment shall
24 be made to the prior year's adjusted value, and the five-year periods
25 for calculating average harvested timber values shall be successively
26 one year more recent.

27 (5) Land graded, assessed, and valued as forest land shall continue
28 to be so graded, assessed, and valued until removal of designation by
29 the assessor upon the occurrence of any of the following:

30 (a) Receipt of notice from the owner to remove the designation;

31 (b) Sale or transfer to an ownership making the land exempt from ad
32 valorem taxation;

33 (c) Sale or transfer of all or a portion of the land to a new
34 owner, unless the new owner has signed a notice of forest land
35 designation continuance, except transfer to an owner who is an heir or
36 devisee of a deceased owner, shall not, by itself, result in removal of
37 designation. The signed notice of continuance shall be attached to the
38 real estate excise tax affidavit provided for in RCW 82.45.150. The

1 notice of continuance shall be on a form prepared by the department.
2 If the notice of continuance is not signed by the new owner and
3 attached to the real estate excise tax affidavit, all compensating
4 taxes calculated under subsection (11) of this section shall become due
5 and payable by the seller or transferor at time of sale. The auditor
6 shall not accept an instrument of conveyance regarding designated
7 forest land for filing or recording unless the new owner has signed the
8 notice of continuance or the compensating tax has been paid, as
9 evidenced by the real estate excise tax stamp affixed thereto by the
10 treasurer. The seller, transferor, or new owner may appeal the new
11 assessed valuation calculated under subsection (11) of this section to
12 the county board of equalization in accordance with the provisions of
13 RCW 84.40.038. Jurisdiction is hereby conferred on the county board of
14 equalization to hear these appeals;

15 (d) Determination by the assessor, after giving the owner written
16 notice and an opportunity to be heard, that:

17 (i) The land is no longer primarily devoted to and used for growing
18 and harvesting timber. However, land shall not be removed from
19 designation if a governmental agency, organization, or other recipient
20 identified in subsection (13) or (14) of this section as exempt from
21 the payment of compensating tax has manifested its intent in writing or
22 by other official action to acquire a property interest in the
23 designated forest land by means of a transaction that qualifies for an
24 exemption under subsection (13) or (14) of this section. The
25 governmental agency, organization, or recipient shall annually provide
26 the assessor of the county in which the land is located reasonable
27 evidence in writing of the intent to acquire the designated land as
28 long as the intent continues or within sixty days of a request by the
29 assessor. The assessor may not request this evidence more than once in
30 a calendar year;

31 (ii) The owner has failed to comply with a final administrative or
32 judicial order with respect to a violation of the restocking, forest
33 management, fire protection, insect and disease control, and forest
34 debris provisions of Title 76 RCW or any applicable rules under Title
35 76 RCW; or

36 (iii) Restocking has not occurred to the extent or within the time
37 specified in the application for designation of such land.

1 (6) Land shall not be removed from designation if there is a
2 governmental restriction that prohibits, in whole or in part, the owner
3 from harvesting timber from the owner's designated forest land. If
4 only a portion of the parcel is impacted by governmental restrictions
5 of this nature, the restrictions cannot be used as a basis to remove
6 the remainder of the forest land from designation under this chapter.
7 For the purposes of this section, "governmental restrictions" includes:
8 (a) Any law, regulation, rule, ordinance, program, or other action
9 adopted or taken by a federal, state, county, city, or other
10 governmental entity; or (b) the land's zoning or its presence within an
11 urban growth area designated under RCW 36.70A.110.

12 (7) The assessor shall have the option of requiring an owner of
13 forest land to file a timber management plan with the assessor upon the
14 occurrence of one of the following:

- 15 (a) An application for designation as forest land is submitted; or
- 16 (b) Designated forest land is sold or transferred and a notice of
17 continuance, described in subsection (5)(c) of this section, is signed.

18 (8) If land is removed from designation because of any of the
19 circumstances listed in subsection (5)(a) through (c) of this section,
20 the removal shall apply only to the land affected. If land is removed
21 from designation because of subsection (5)(d) of this section, the
22 removal shall apply only to the actual area of land that is no longer
23 primarily devoted to the growing and harvesting of timber, without
24 regard to any other land that may have been included in the application
25 and approved for designation, as long as the remaining designated
26 forest land meets the definition of forest land contained in RCW
27 84.33.035.

28 (9) Within thirty days after the removal of designation as forest
29 land, the assessor shall notify the owner in writing, setting forth the
30 reasons for the removal. The seller, transferor, or owner may appeal
31 the removal to the county board of equalization in accordance with the
32 provisions of RCW 84.40.038.

33 (10) Unless the removal is reversed on appeal a copy of the notice
34 of removal with a notation of the action, if any, upon appeal, together
35 with the legal description or assessor's parcel numbers for the land
36 removed from designation shall, at the expense of the applicant, be
37 filed by the assessor in the same manner as deeds are recorded and a
38 notation of removal from designation shall immediately be made upon the

1 assessment and tax rolls. The assessor shall revalue the land to be
2 removed with reference to its true and fair value as of January 1st of
3 the year of removal from designation. Both the assessed value before
4 and after the removal of designation shall be listed. Taxes based on
5 the value of the land as forest land shall be assessed and payable up
6 until the date of removal and taxes based on the true and fair value of
7 the land shall be assessed and payable from the date of removal from
8 designation.

9 (11) Except as provided in subsection (5)(c), (13), or (14) of this
10 section, a compensating tax shall be imposed on land removed from
11 designation as forest land. The compensating tax shall be due and
12 payable to the treasurer thirty days after the owner is notified of the
13 amount of this tax. As soon as possible after the land is removed from
14 designation, the assessor shall compute the amount of compensating tax
15 and mail a notice to the owner of the amount of compensating tax owed
16 and the date on which payment of this tax is due. The amount of
17 compensating tax shall be equal to the difference between the amount of
18 tax last levied on the land as designated forest land and an amount
19 equal to the new assessed value of the land multiplied by the dollar
20 rate of the last levy extended against the land, multiplied by a
21 number, in no event greater than nine, equal to the number of years for
22 which the land was designated as forest land, plus compensating taxes
23 on the land at forest land values up until the date of removal and the
24 prorated taxes on the land at true and fair value from the date of
25 removal to the end of the current tax year.

26 (12) Compensating tax, together with applicable interest thereon,
27 shall become a lien on the land which shall attach at the time the land
28 is removed from designation as forest land and shall have priority to
29 and shall be fully paid and satisfied before any recognizance,
30 mortgage, judgment, debt, obligation, or responsibility to or with
31 which the land may become charged or liable. The lien may be
32 foreclosed upon expiration of the same period after delinquency and in
33 the same manner provided by law for foreclosure of liens for delinquent
34 real property taxes as provided in RCW 84.64.050. Any compensating tax
35 unpaid on its due date shall thereupon become delinquent. From the
36 date of delinquency until paid, interest shall be charged at the same
37 rate applied by law to delinquent ad valorem property taxes.

1 (13) The compensating tax specified in subsection (11) of this
2 section shall not be imposed if the removal of designation under
3 subsection (5) of this section resulted solely from:

4 (a) Transfer to a government entity in exchange for other forest
5 land located within the state of Washington;

6 (b) A taking through the exercise of the power of eminent domain,
7 or sale or transfer to an entity having the power of eminent domain in
8 anticipation of the exercise of such power;

9 (c) A donation of fee title, development rights, or the right to
10 harvest timber, to a government agency or organization qualified under
11 RCW 84.34.210 and 64.04.130 for the purposes enumerated in those
12 sections, or the sale or transfer of fee title to a governmental entity
13 or a nonprofit nature conservancy corporation, as defined in RCW
14 64.04.130, exclusively for the protection and conservation of lands
15 recommended for state natural area preserve purposes by the natural
16 heritage council and natural heritage plan as defined in chapter 79.70
17 RCW or approved for state natural resources conservation area purposes
18 as defined in chapter 79.71 RCW. At such time as the land is not used
19 for the purposes enumerated, the compensating tax specified in
20 subsection (11) of this section shall be imposed upon the current
21 owner;

22 (d) The sale or transfer of fee title to the parks and recreation
23 commission for park and recreation purposes;

24 (e) Official action by an agency of the state of Washington or by
25 the county or city within which the land is located that disallows the
26 present use of the land;

27 (f) The creation, sale, or transfer of forestry riparian easements
28 under RCW 76.13.120;

29 (g) The creation, sale, or transfer of a fee interest or a
30 conservation easement for the riparian open space program under RCW
31 76.09.040; or

32 (h) The sale or transfer of land within two years after the death
33 of the owner of at least a fifty percent interest in the land if the
34 land has been assessed and valued as classified forest land, designated
35 as forest land under this chapter, or classified under chapter 84.34
36 RCW continuously since 1993. The date of death shown on a death
37 certificate is the date used for the purposes of this subsection

38 (13)(h)((~~;~~→~~or~~

1 ~~(i) The sale or transfer of land after the death of the owner of at~~
2 ~~least a fifty percent interest in the land if the land has been~~
3 ~~assessed and valued as classified forest land, designated as forest~~
4 ~~land under this chapter, or classified under chapter 84.34 RCW~~
5 ~~continuously since 1993 and the sale or transfer takes place after July~~
6 ~~22, 2001, and on or before July 22, 2003, and the death of the owner~~
7 ~~occurred after January 1, 1991. The date of death shown on a death~~
8 ~~certificate is the date used for the purposes of this subsection~~
9 ~~(13)(i)).~~

10 (14) In a county with a population of more than one million
11 inhabitants, the compensating tax specified in subsection (11) of this
12 section shall not be imposed if the removal of designation as forest
13 land under subsection (5) of this section resulted solely from:

14 (a) An action described in subsection (13) of this section; or

15 (b) A transfer of a property interest to a government entity, or to
16 a nonprofit historic preservation corporation or nonprofit nature
17 conservancy corporation, as defined in RCW 64.04.130, to protect or
18 enhance public resources, or to preserve, maintain, improve, restore,
19 limit the future use of, or otherwise to conserve for public use or
20 enjoyment, the property interest being transferred. At such time as
21 the property interest is not used for the purposes enumerated, the
22 compensating tax shall be imposed upon the current owner.

23 **Sec. 27.** RCW 84.34.108 and 2003 c 170 s 6 are each amended to read
24 as follows:

25 (1) When land has once been classified under this chapter, a
26 notation of the classification shall be made each year upon the
27 assessment and tax rolls and the land shall be valued pursuant to RCW
28 84.34.060 or 84.34.065 until removal of all or a portion of the
29 classification by the assessor upon occurrence of any of the following:

30 (a) Receipt of notice from the owner to remove all or a portion of
31 the classification;

32 (b) Sale or transfer to an ownership, except a transfer that
33 resulted from a default in loan payments made to or secured by a
34 governmental agency that intends to or is required by law or regulation
35 to resell the property for the same use as before, making all or a
36 portion of the land exempt from ad valorem taxation;

1 (c) Sale or transfer of all or a portion of the land to a new
2 owner, unless the new owner has signed a notice of classification
3 continuance, except transfer to an owner who is an heir or devisee of
4 a deceased owner shall not, by itself, result in removal of
5 classification. The notice of continuance shall be on a form prepared
6 by the department. If the notice of continuance is not signed by the
7 new owner and attached to the real estate excise tax affidavit, all
8 additional taxes calculated pursuant to subsection (4) of this section
9 shall become due and payable by the seller or transferor at time of
10 sale. The auditor shall not accept an instrument of conveyance
11 regarding classified land for filing or recording unless the new owner
12 has signed the notice of continuance or the additional tax has been
13 paid, as evidenced by the real estate excise tax stamp affixed thereto
14 by the treasurer. The seller, transferor, or new owner may appeal the
15 new assessed valuation calculated under subsection (4) of this section
16 to the county board of equalization in accordance with the provisions
17 of RCW 84.40.038. Jurisdiction is hereby conferred on the county board
18 of equalization to hear these appeals;

19 (d) Determination by the assessor, after giving the owner written
20 notice and an opportunity to be heard, that all or a portion of the
21 land no longer meets the criteria for classification under this
22 chapter. The criteria for classification pursuant to this chapter
23 continue to apply after classification has been granted.

24 The granting authority, upon request of an assessor, shall provide
25 reasonable assistance to the assessor in making a determination whether
26 the land continues to meet the qualifications of RCW 84.34.020 (1) or
27 (3). The assistance shall be provided within thirty days of receipt of
28 the request.

29 (2) Land may not be removed from classification because of:

30 (a) The creation, sale, or transfer of forestry riparian easements
31 under RCW 76.13.120; or

32 (b) The creation, sale, or transfer of a fee interest or a
33 conservation easement for the riparian open space program under RCW
34 76.09.040.

35 (3) Within thirty days after such removal of all or a portion of
36 the land from current use classification, the assessor shall notify the
37 owner in writing, setting forth the reasons for the removal. The

1 seller, transferor, or owner may appeal the removal to the county board
2 of equalization in accordance with the provisions of RCW 84.40.038.

3 (4) Unless the removal is reversed on appeal, the assessor shall
4 revalue the affected land with reference to its true and fair value on
5 January 1st of the year of removal from classification. Both the
6 assessed valuation before and after the removal of classification shall
7 be listed and taxes shall be allocated according to that part of the
8 year to which each assessed valuation applies. Except as provided in
9 subsection (6) of this section, an additional tax, applicable interest,
10 and penalty shall be imposed which shall be due and payable to the
11 treasurer thirty days after the owner is notified of the amount of the
12 additional tax. As soon as possible, the assessor shall compute the
13 amount of additional tax, applicable interest, and penalty and the
14 treasurer shall mail notice to the owner of the amount thereof and the
15 date on which payment is due. The amount of the additional tax,
16 applicable interest, and penalty shall be determined as follows:

17 (a) The amount of additional tax shall be equal to the difference
18 between the property tax paid as "open space land((=)),_" "farm and
19 agricultural land((=)),_" or "timber land" and the amount of property
20 tax otherwise due and payable for the seven years last past had the
21 land not been so classified;

22 (b) The amount of applicable interest shall be equal to the
23 interest upon the amounts of the additional tax paid at the same
24 statutory rate charged on delinquent property taxes from the dates on
25 which the additional tax could have been paid without penalty if the
26 land had been assessed at a value without regard to this chapter;

27 (c) The amount of the penalty shall be as provided in RCW
28 84.34.080. The penalty shall not be imposed if the removal satisfies
29 the conditions of RCW 84.34.070.

30 (5) Additional tax, applicable interest, and penalty, shall become
31 a lien on the land which shall attach at the time the land is removed
32 from classification under this chapter and shall have priority to and
33 shall be fully paid and satisfied before any recognizance, mortgage,
34 judgment, debt, obligation or responsibility to or with which the land
35 may become charged or liable. This lien may be foreclosed upon
36 expiration of the same period after delinquency and in the same manner
37 provided by law for foreclosure of liens for delinquent real property
38 taxes as provided in RCW 84.64.050 (~~now or as hereafter amended~~)).

1 Any additional tax unpaid on its due date shall thereupon become
2 delinquent. From the date of delinquency until paid, interest shall be
3 charged at the same rate applied by law to delinquent ad valorem
4 property taxes.

5 (6) The additional tax, applicable interest, and penalty specified
6 in subsection (4) of this section shall not be imposed if the removal
7 of classification pursuant to subsection (1) of this section resulted
8 solely from:

9 (a) Transfer to a government entity in exchange for other land
10 located within the state of Washington;

11 (b)(i) A taking through the exercise of the power of eminent
12 domain, or (ii) sale or transfer to an entity having the power of
13 eminent domain in anticipation of the exercise of such power, said
14 entity having manifested its intent in writing or by other official
15 action;

16 (c) A natural disaster such as a flood, windstorm, earthquake, or
17 other such calamity rather than by virtue of the act of the landowner
18 changing the use of the property;

19 (d) Official action by an agency of the state of Washington or by
20 the county or city within which the land is located which disallows the
21 present use of the land;

22 (e) Transfer of land to a church when the land would qualify for
23 exemption pursuant to RCW 84.36.020;

24 (f) Acquisition of property interests by state agencies or agencies
25 or organizations qualified under RCW 84.34.210 and 64.04.130 for the
26 purposes enumerated in those sections. At such time as these property
27 interests are not used for the purposes enumerated in RCW 84.34.210 and
28 64.04.130 the additional tax specified in subsection (4) of this
29 section shall be imposed;

30 (g) Removal of land classified as farm and agricultural land under
31 RCW 84.34.020(2)(e);

32 (h) Removal of land from classification after enactment of a
33 statutory exemption that qualifies the land for exemption and receipt
34 of notice from the owner to remove the land from classification;

35 (i) The creation, sale, or transfer of forestry riparian easements
36 under RCW 76.13.120;

37 (j) The creation, sale, or transfer of a fee interest or a

1 conservation easement for the riparian open space program under RCW
2 76.09.040; or

3 (k) The sale or transfer of land within two years after the death
4 of the owner of at least a fifty percent interest in the land if the
5 land has been assessed and valued as classified forest land, designated
6 as forest land under chapter 84.33 RCW, or classified under this
7 chapter continuously since 1993. The date of death shown on a death
8 certificate is the date used for the purposes of this subsection
9 (6)(k)(~~or~~

10 ~~(l) The sale or transfer of land after the death of the owner of at~~
11 ~~least a fifty percent interest in the land if the land has been~~
12 ~~assessed and valued as classified forest land, designated as forest~~
13 ~~land under chapter 84.33 RCW, or classified under this chapter~~
14 ~~continuously since 1993 and the sale or transfer takes place after July~~
15 ~~22, 2001, and on or before July 22, 2003, and the death of the owner~~
16 ~~occurred after January 1, 1991. The date of death shown on a death~~
17 ~~certificate is the date used for the purpose of this subsection~~
18 ~~(6)(l)))).~~

19 **Sec. 28.** RCW 84.52.010 and 2005 c 122 s 2 are each amended to read
20 as follows:

21 Except as is permitted under RCW 84.55.050, all taxes shall be
22 levied or voted in specific amounts.

23 The rate percent of all taxes for state and county purposes, and
24 purposes of taxing districts coextensive with the county, shall be
25 determined, calculated and fixed by the county assessors of the
26 respective counties, within the limitations provided by law, upon the
27 assessed valuation of the property of the county, as shown by the
28 completed tax rolls of the county, and the rate percent of all taxes
29 levied for purposes of taxing districts within any county shall be
30 determined, calculated and fixed by the county assessors of the
31 respective counties, within the limitations provided by law, upon the
32 assessed valuation of the property of the taxing districts
33 respectively.

34 When a county assessor finds that the aggregate rate of tax levy on
35 any property, that is subject to the limitations set forth in RCW
36 84.52.043 or 84.52.050, exceeds the limitations provided in either of

1 these sections, the assessor shall recompute and establish a
2 consolidated levy in the following manner:

3 (1) The full certified rates of tax levy for state, county, county
4 road district, and city or town purposes shall be extended on the tax
5 rolls in amounts not exceeding the limitations established by law;
6 however any state levy shall take precedence over all other levies and
7 shall not be reduced for any purpose other than that required by RCW
8 84.55.010. If, as a result of the levies imposed under RCW
9 (~~84.52.125, 84.52.135, 36.54.130, 84.52.069, 84.34.230, the portion of~~
10 ~~the levy by a metropolitan park district that was protected under RCW~~
11 ~~84.52.120, and 84.52.105~~) 36.54.130, 84.34.230, 84.52.069, 84.52.105,
12 the portion of the levy by a metropolitan park district that was
13 protected under RCW 84.52.120, 84.52.125, and 84.52.135, the combined
14 rate of regular property tax levies that are subject to the one percent
15 limitation exceeds one percent of the true and fair value of any
16 property, then these levies shall be reduced as follows:

17 (a) The portion of the levy by a fire protection district that is
18 protected under RCW 84.52.125 shall be reduced until the combined rate
19 no longer exceeds one percent of the true and fair value of any
20 property or shall be eliminated;

21 (b) If the combined rate of regular property tax levies that are
22 subject to the one percent limitation still exceeds one percent of the
23 true and fair value of any property, the levy imposed by a county under
24 RCW 84.52.135 must be reduced until the combined rate no longer exceeds
25 one percent of the true and fair value of any property or must be
26 eliminated;

27 (c) If the combined rate of regular property tax levies that are
28 subject to the one percent limitation still exceeds one percent of the
29 true and fair value of any property, the levy imposed by a ferry
30 district under RCW 36.54.130 must be reduced until the combined rate no
31 longer exceeds one percent of the true and fair value of any property
32 or must be eliminated;

33 (d) If the combined rate of regular property tax levies that are
34 subject to the one percent limitation still exceeds one percent of the
35 true and fair value of any property, the portion of the levy by a
36 metropolitan park district that is protected under RCW 84.52.120 shall
37 be reduced until the combined rate no longer exceeds one percent of the
38 true and fair value of any property or shall be eliminated;

1 (e) If the combined rate of regular property tax levies that are
2 subject to the one percent limitation still exceeds one percent of the
3 true and fair value of any property, then the levies imposed under RCW
4 84.34.230, 84.52.105, and any portion of the levy imposed under RCW
5 84.52.069 that is in excess of thirty cents per thousand dollars of
6 assessed value, shall be reduced on a pro rata basis until the combined
7 rate no longer exceeds one percent of the true and fair value of any
8 property or shall be eliminated; and

9 (f) If the combined rate of regular property tax levies that are
10 subject to the one percent limitation still exceeds one percent of the
11 true and fair value of any property, then the thirty cents per thousand
12 dollars of assessed value of tax levy imposed under RCW 84.52.069 shall
13 be reduced until the combined rate no longer exceeds one percent of the
14 true and fair value of any property or eliminated.

15 (2) The certified rates of tax levy subject to these limitations by
16 all junior taxing districts imposing taxes on such property shall be
17 reduced or eliminated as follows to bring the consolidated levy of
18 taxes on such property within the provisions of these limitations:

19 (a) First, the certified property tax levy rates of those junior
20 taxing districts authorized under RCW 36.68.525, 36.69.145, 35.95A.100,
21 and 67.38.130 shall be reduced on a pro rata basis or eliminated;

22 (b) Second, if the consolidated tax levy rate still exceeds these
23 limitations, the certified property tax levy rates of flood control
24 zone districts shall be reduced on a pro rata basis or eliminated;

25 (c) Third, if the consolidated tax levy rate still exceeds these
26 limitations, the certified property tax levy rates of all other junior
27 taxing districts, other than fire protection districts, regional fire
28 protection service authorities, library districts, the first fifty cent
29 per thousand dollars of assessed valuation levies for metropolitan park
30 districts, and the first fifty cent per thousand dollars of assessed
31 valuation levies for public hospital districts, shall be reduced on a
32 pro rata basis or eliminated;

33 (d) Fourth, if the consolidated tax levy rate still exceeds these
34 limitations, the first fifty cent per thousand dollars of assessed
35 valuation levies for metropolitan park districts created on or after
36 January 1, 2002, shall be reduced on a pro rata basis or eliminated;

37 (e) Fifth, if the consolidated tax levy rate still exceeds these
38 limitations, the certified property tax levy rates authorized to

1 (~~regional fire protection service authorities under RCW 52.26.140(1)~~
2 ~~(b) and (c) and~~) fire protection districts under RCW 52.16.140 and
3 52.16.160 and regional fire protection service authorities under RCW
4 52.26.140(1) (b) and (c) shall be reduced on a pro rata basis or
5 eliminated; and

6 (f) Sixth, if the consolidated tax levy rate still exceeds these
7 limitations, the certified property tax levy rates authorized for fire
8 protection districts under RCW 52.16.130, regional fire protection
9 service authorities under RCW 52.26.140(1)(a), (~~fire protection~~
10 ~~districts under RCW 52.16.130,~~) library districts, metropolitan park
11 districts created before January 1, 2002, under their first fifty cent
12 per thousand dollars of assessed valuation levy, and public hospital
13 districts under their first fifty cent per thousand dollars of assessed
14 valuation levy, shall be reduced on a pro rata basis or eliminated.

15 **Sec. 29.** RCW 84.52.054 and 1986 c 133 s 2 are each amended to read
16 as follows:

17 The additional tax provided for in (~~subparagraph (a) of the~~
18 ~~seventeenth amendment to~~) Article VII, section 2 of the state
19 Constitution (~~as amended by Amendment 59 and as thereafter amended~~),
20 and specifically authorized by RCW 84.52.052, (~~as now or hereafter~~
21 ~~amended, and RCW~~) 84.52.053 (~~and~~), 84.52.0531, and 84.52.130, shall
22 be set forth in terms of dollars on the ballot of the proposition to be
23 submitted to the voters, together with an estimate of the dollar rate
24 of tax levy that will be required to produce the dollar amount; and the
25 county assessor, in spreading this tax upon the rolls, shall determine
26 the eventual dollar rate required to produce the amount of dollars so
27 voted upon, regardless of the estimate of dollar rate of tax levy
28 carried in said proposition. In the case of a school district or fire
29 protection district proposition for a particular period, the dollar
30 amount and the corresponding estimate of the dollar rate of tax levy
31 shall be set forth for each of the years in that period. The dollar
32 amount for each annual levy in the particular period may be equal or in
33 different amounts.

34 NEW SECTION. **Sec. 30.** The following acts or parts of acts are
35 each repealed:

1 (1) RCW 84.55.012 (Reduction of property tax levy--Setting amount
2 of future levies) and 1997 c 2 s 1 & 1995 2nd sp.s. c 13 s 2; and

3 (2) RCW 84.55.0121 (Reduction of property tax levy for collection
4 in 1998) and 1997 c 3 s 301.

5 **Sec. 31.** 2006 c 84 s 9 (uncodified) is amended to read as follows:

6 (1)(a) Sections 2 through 8, chapter 84, Laws of 2006 and section
7 24, chapter . . . , Laws of 2007 (section 24 of this act) are contingent
8 upon the siting, expansion, or renovation, and commercial operation of
9 a significant semiconductor materials fabrication facility or
10 facilities in the state of Washington.

11 (b) For the purposes of this section:

12 (i) "Commercial operation" means the equipment and process
13 qualifications in the new, expanded, or renovated building are
14 completed and production for sale has begun.

15 (ii) "Semiconductor materials fabrication" means the manufacturing
16 of silicon crystals, silicon ingots that are at least three hundred
17 millimeters in diameter, raw polished semiconductor wafers that are at
18 least three hundred millimeters in diameter, and compound semiconductor
19 wafers that are at least three hundred millimeters in diameter.

20 (iii) "Significant" means that the combined investment or
21 investments by a single person, occurring at any time before the
22 effective date of (~~this act~~) sections 2 through 8, chapter 84, Laws
23 of 2006, of new buildings, expansion or renovation of existing
24 buildings, tenant improvements to buildings, and machinery and
25 equipment in the buildings, at the commencement of commercial
26 production, is at least three hundred fifty million dollars based on
27 actual expenditures by the person.

28 (2) Except for section 1 of this act and this section, this act
29 takes effect the first day of the month immediately following the
30 department's determination that the contingency in subsection (1) of
31 this section has occurred. The department shall make its determination
32 regarding the contingency in subsection (1) of this section based on
33 information provided to the department by affected taxpayers or
34 representatives of affected taxpayers.

35 (3) The department of revenue shall provide notice of the effective
36 date of (~~this act~~) sections 2 through 8, chapter 84, Laws of 2006 to

1 affected taxpayers, the legislature, the office of the code reviser,
2 and others as deemed appropriate by the department.

3 NEW SECTION. **Sec. 32.** Section 5 of this act takes effect July 1,
4 2011.

5 NEW SECTION. **Sec. 33.** Section 10 of this act expires if the
6 contingency in section 31 of this act occurs.

7 NEW SECTION. **Sec. 34.** If any provision of this act or its
8 application to any person or circumstance is held invalid, the
9 remainder of the act or the application of the provision to other
10 persons or circumstances is not affected.

--- END ---