
SENATE BILL 6811

State of Washington 60th Legislature 2008 Regular Session

By Senators Hobbs, Delvin, Hatfield, Shin, and McAuliffe

Read first time 01/24/08. Referred to Committee on Ways & Means.

1 AN ACT Relating to tax incentives for businesses that use recycled
2 material; reenacting and amending RCW 82.04.440; adding a new section
3 to chapter 82.04 RCW; and providing an effective date.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
6 to read as follows:

7 (1)(a) Upon every person engaging within this state in the business
8 of manufacturing products where the person uses substantial recycled
9 material in lieu of raw or virgin material to manufacture the products;
10 as to such persons the amount of the tax with respect to the business
11 shall, in the case of manufacturers, be equal to the value of products,
12 including byproducts, manufactured, or in the case of processors for
13 hire, be equal to the gross income of the business, multiplied by the
14 rate of 0.2904 percent.

15 (b) Upon every person engaging within this state in the business of
16 selling, at wholesale or retail, products manufactured by the person
17 where the person is subject to the rate in (a) of this subsection for
18 the manufacturing of the products; as to such persons the amount of the

1 tax with respect to the business shall be equal to the gross proceeds
2 of sales of the products multiplied by the rate of 0.2904 percent.

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

4 (a) "Material" means metal, glass, plastic, or rubber.

5 (b) "Reclaimed material" means material derived from postconsumer
6 waste, industrial scrap, or other items, that is collected and used in
7 a process designed to produce recycled material.

8 (c) "Recycled material" means a material derived from a reclaimed
9 material that can be readily utilized without further processing in
10 place of raw or virgin material in manufacturing a product.

11 (d) "Substantial" means at least fifty percent, as determined by
12 weight.

13 **Sec. 2.** RCW 82.04.440 and 2006 c 300 s 8 and 2006 c 84 s 6 are
14 each reenacted and amended to read as follows:

15 (1) Every person engaged in activities that are subject to tax
16 under two or more provisions of RCW 82.04.230 through 82.04.298,
17 inclusive, shall be taxable under each provision applicable to those
18 activities.

19 (2) Persons taxable under section 1 of this act, RCW 82.04.2909(2),
20 82.04.250, 82.04.270, 82.04.294(2), or 82.04.260 (1)(c), (4), (11), or
21 (12) with respect to selling products in this state, including those
22 persons who are also taxable under RCW 82.04.261, shall be allowed a
23 credit against those taxes for any (a) manufacturing taxes paid with
24 respect to the manufacturing of products so sold in this state, and/or
25 (b) extracting taxes paid with respect to the extracting of products so
26 sold in this state or ingredients of products so sold in this state.
27 Extracting taxes taken as credit under subsection (3) of this section
28 may also be taken under this subsection, if otherwise allowable under
29 this subsection. The amount of the credit shall not exceed the tax
30 liability arising under this chapter with respect to the sale of those
31 products.

32 (3) Persons taxable as manufacturers under section 1 of this act,
33 RCW 82.04.240 or 82.04.260 (1)(b) or (12), including those persons who
34 are also taxable under RCW 82.04.261, shall be allowed a credit against
35 those taxes for any extracting taxes paid with respect to extracting
36 the ingredients of the products so manufactured in this state. The

1 amount of the credit shall not exceed the tax liability arising under
2 this chapter with respect to the manufacturing of those products.

3 (4) Persons taxable under section 1 of this act, RCW 82.04.230,
4 82.04.240, 82.04.2909(1), 82.04.294(1), 82.04.2404, or 82.04.260 (1),
5 (2), (4), (11), or (12), including those persons who are also taxable
6 under RCW 82.04.261, with respect to extracting or manufacturing
7 products in this state shall be allowed a credit against those taxes
8 for any (i) gross receipts taxes paid to another state with respect to
9 the sales of the products so extracted or manufactured in this state,
10 (ii) manufacturing taxes paid with respect to the manufacturing of
11 products using ingredients so extracted in this state, or (iii)
12 manufacturing taxes paid with respect to manufacturing activities
13 completed in another state for products so manufactured in this state.
14 The amount of the credit shall not exceed the tax liability arising
15 under this chapter with respect to the extraction or manufacturing of
16 those products.

17 (5) For the purpose of this section:

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

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

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

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

29 (c) "Manufacturing tax" means a gross receipts tax imposed on the
30 act or privilege of engaging in business as a manufacturer, and
31 includes (i) the taxes imposed in section 1 of this act, RCW 82.04.240,
32 82.04.2404, 82.04.2909(1), 82.04.260 (1), (2), (4), (11), and (12), and
33 82.04.294(1); (ii) the tax imposed under RCW 82.04.261 on persons who
34 are engaged in business as a manufacturer; and (iii) similar gross
35 receipts taxes paid to other states.

36 (d) "Extracting tax" means a gross receipts tax imposed on the act
37 or privilege of engaging in business as an extractor, and includes (i)
38 the tax imposed on extractors in RCW 82.04.230 and 82.04.260(12); (ii)

1 the tax imposed under RCW 82.04.261 on persons who are engaged in
2 business as an extractor; and (iii) similar gross receipts taxes paid
3 to other states.

4 (e) "Business", "manufacturer", "extractor", and other terms used
5 in this section have the meanings given in RCW 82.04.020 through
6 82.04.212, notwithstanding the use of those terms in the context of
7 describing taxes imposed by other states.

8 NEW SECTION. **Sec. 3.** This act takes effect October 1, 2008.

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