
HOUSE BILL 2762

State of Washington

62nd Legislature

2012 Regular Session

By Representatives Carlyle, Anderson, Kagi, Orwall, Springer, Seaquist, Dickerson, Sells, Appleton, Fitzgibbon, Reykdal, Ormsby, Wylie, Ryu, Pollet, Sullivan, Hasegawa, Roberts, Hansen, Jinkins, and Goodman

Read first time 02/02/12. Referred to Committee on Ways & Means.

1 AN ACT Relating to tax expenditure reform to provide transparency
2 and accountability in fiscal matters; amending RCW 82.04.4282,
3 43.136.045, 82.04.050, 82.04.062, 82.08.010, 82.66.020, 82.04.110,
4 82.04.120, 82.04.257, 82.04.260, 82.04.280, 82.04.280, 82.04.290,
5 82.62.020, 82.73.020, and 82.04.540; reenacting and amending RCW
6 82.12.010 and 82.04.250; repealing RCW 82.04.330, 82.04.340, 82.04.370,
7 82.04.405, 82.04.410, 82.04.4285, 82.04.4287, 82.04.4289, 82.04.4292,
8 82.04.4293, 82.04.432, 82.04.4332, 82.08.0253, 82.08.0257, 82.08.0259,
9 82.08.0264, 82.08.0265, 82.08.0266, 82.08.02665, 82.08.0267,
10 82.08.0268, 82.08.0273, 82.08.0275, 82.12.0257, 82.12.0258, 82.12.0261,
11 82.12.0262, 82.12.0263, 82.12.0265, 82.12.0266, 82.12.0269, 82.12.0272,
12 82.04.4282, 82.04.4281, 82.08.0256, 82.12.0345, 82.08.0203,
13 82.08.02525, 82.08.02535, 82.08.02569, 82.08.02573, 82.08.0271,
14 82.08.0278, 82.08.0287, 82.08.02875, 82.08.0291, 82.08.031, 82.08.830,
15 82.08.834, 82.08.870, 82.12.02525, 82.12.02569, 82.12.930, 82.12.0274,
16 82.12.0279, 82.12.0282, 82.12.02917, 82.12.031, 82.12.834, 82.12.845,
17 82.12.02595, 82.12.0264, 82.12.0284, 82.08.995, 82.08.999, 82.12.999,
18 82.08.025651, 82.12.025651, 82.12.995, 82.08.02081, 82.08.02087,
19 82.08.02565, 82.08.02566, 82.08.02568, 82.08.0267, 82.08.0272,
20 82.08.0274, 82.08.02745, 82.08.0288, 82.08.0294, 82.08.0296,
21 82.08.0298, 82.08.0311, 82.08.0315, 82.08.036, 82.08.806, 82.08.807,

1 82.08.810, 82.08.820, 82.08.855, 82.08.865, 82.08.880, 82.08.890,
2 82.08.900, 82.08.910, 82.08.920, 82.08.990, 82.12.02081, 82.12.02087,
3 82.12.02565, 82.12.02566, 82.12.02568, 82.12.0267, 82.12.0268,
4 82.12.02685, 82.12.0273, 82.12.0283, 82.12.0294, 82.12.0296,
5 82.12.0298, 82.12.0311, 82.12.0315, 82.12.038, 82.12.806, 82.12.807,
6 82.12.810, 82.12.820, 82.12.855, 82.12.865, 82.12.880, 82.12.890,
7 82.12.900, 82.12.910, 82.12.920, 82.12.800, 82.12.801, 82.12.802,
8 82.12.860, 82.66.040, 82.08.850, 82.12.850, 82.12.02085, 82.08.0282,
9 82.08.0269, 82.08.0279, 82.08.700, 82.12.700, 82.12.955, 82.08.02537,
10 82.08.0289, 82.08.832, 82.12.0347, 82.12.832, 82.08.0205, 82.08.02082,
11 82.08.9995, 82.12.9995, 82.12.0205, 82.12.02082, 82.08.0258,
12 82.08.02795, 82.08.02805, 82.08.02806, 82.08.02807, 82.08.0283,
13 82.08.02915, 82.08.0299, 82.08.803, 82.08.804, 82.08.808, 82.08.925,
14 82.08.935, 82.08.940, 82.08.945, 82.08.997, 82.08.998, 82.12.0259,
15 82.12.02745, 82.12.02747, 82.12.02748, 82.12.02749, 82.12.0277,
16 82.12.02915, 82.12.803, 82.12.804, 82.12.808, 82.12.925, 82.12.935,
17 82.12.940, 82.12.945, 82.12.998, 82.04.339, 82.04.3395, 82.04.363,
18 82.04.3651, 82.04.367, 82.04.368, 82.04.380, 82.04.385, 82.04.395,
19 82.04.397, 82.04.399, 82.04.408, 82.04.415, 82.04.418, 82.04.419,
20 82.04.4201, 82.04.4251, 82.04.4291, 82.04.4322, 82.04.4324, 82.04.4326,
21 82.04.4327, 82.04.434, 82.04.600, 82.04.615, 82.04.335, 82.04.338,
22 82.04.4271, 82.04.640, 82.04.4275, 82.04.655, 82.04.4274, 82.04.2907,
23 82.04.298, 82.04.315, 82.04.317, 82.04.331, 82.04.332, 82.04.333,
24 82.04.334, 82.04.337, 82.04.392, 82.04.416, 82.04.421, 82.04.422,
25 82.04.425, 82.04.4261, 82.04.4262, 82.04.4267, 82.04.4294, 82.04.4295,
26 82.04.4296, 82.04.433, 82.04.4333, 82.04.4339, 82.04.4451, 82.04.447,
27 82.04.4482, 82.04.4486, 82.04.601, 82.62.030, 82.04.2403, 82.04.424,
28 82.04.4272, 82.04.43391, 82.04.645, 82.04.650, 82.04.263, 82.04.750,
29 82.04.627, 82.04.2905, 82.04.272, 82.04.2906, 82.04.2908, 82.04.324,
30 82.04.326, 82.04.327, 82.04.355, 82.04.4263, 82.04.4264, 82.04.4265,
31 82.04.4297, 82.04.4311, 82.04.4337, 82.04.620, and 82.04.635; creating
32 a new section; providing effective dates; providing a contingent
33 effective date; and providing a contingent expiration date.

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

35 NEW SECTION. **Sec. 1.** (1) The legislature finds that to
36 effectively fulfill its role as a financial steward of state tax

1 dollars, the legislature must allow all nonconstitutionally required
2 tax expenditures to periodically expire. The state must also take
3 proactive measures to continue tax expenditures that prove beneficial
4 to the state according to objective, rigorous, financially based
5 return-on-investment standards. Requiring all tax expenditures to have
6 a periodic expiration date allows those tax expenditures that are out-
7 of-date, or failing to deliver the promised benefits or a measurable
8 return on investment, or otherwise failing to garner widespread support
9 for their continuance, to expire while preserving those that are
10 providing real, demonstrable value for taxpayers and the state. The
11 legislature seeks to be philosophically consistent by requiring all
12 exemptions, modifications, and preferential rates, regardless of the
13 size or length of previous existence, to face an expiration date.

14 (2) The legislature therefore intends to expire all
15 nonconstitutionally required tax expenditures that are not already
16 subject to expiration.

17 PART I

18 Repealing Joint Legislative Audit and Review Committee Tax Preferences

19 NEW SECTION. **Sec. 101.** The following acts or parts of acts, as
20 now existing or hereafter amended, are each repealed, effective July 1,
21 2017:

22 (1) RCW 82.04.330 (Exemptions--Sales of agricultural products) and
23 2001 c 118 s 3, 1993 sp.s. c 25 s 305, 1988 c 253 s 2, & 1987 c 23 s 4;

24 (2) RCW 82.04.340 (Exemptions--Boxing, sparring, or wrestling
25 matches) and 2000 c 103 s 6, 1988 c 19 s 4, & 1961 c 15 s 82.04.340;

26 (3) RCW 82.04.370 (Exemptions--Certain fraternal and beneficiary
27 organizations) and 1961 c 293 s 4 & 1961 c 15 s 82.04.370;

28 (4) RCW 82.04.405 (Exemptions--Credit unions) and 1998 c 311 s 4 &
29 1970 ex.s. c 101 s 3;

30 (5) RCW 82.04.410 (Exemptions--Hatching eggs and poultry) and 1967
31 ex.s. c 149 s 15 & 1961 c 15 s 82.04.410;

32 (6) RCW 82.04.4285 (Deductions--Motor vehicle fuel and special fuel
33 taxes) and 1998 c 176 s 3 & 1980 c 37 s 6;

34 (7) RCW 82.04.4287 (Deductions--Compensation for receiving,
35 washing, etc., horticultural products for person exempt under RCW
36 82.04.330--Materials and supplies used) and 1980 c 37 s 8;

1 (8) RCW 82.04.4289 (Exemption--Compensation for patient services or
2 attendant sales of drugs dispensed pursuant to prescription by certain
3 nonprofit organizations) and 2003 c 168 s 402, 1998 c 325 s 1, 1993 c
4 492 s 305, 1981 c 178 s 2, & 1980 c 37 s 10;

5 (9) RCW 82.04.4292 (Deductions--Interest on investments or loans
6 secured by mortgages or deeds of trust) and 2010 1st sp.s. c 23 s 301
7 & 1980 c 37 s 12;

8 (10) RCW 82.04.4293 (Deductions--Interest on obligations of the
9 state, its political subdivisions, and municipal corporations) and 1980
10 c 37 s 13;

11 (11) RCW 82.04.432 (Deductions--Municipal sewer service fees or
12 charges) and 1967 ex.s. c 149 s 17;

13 (12) RCW 82.04.4332 (Deductions--Tuition fees of foreign degree-
14 granting institutions) and 1993 c 181 s 10;

15 (13) RCW 82.08.0253 (Exemptions--Sale and distribution of
16 newspapers) and 2009 c 535 s 506 & 1980 c 37 s 21;

17 (14) RCW 82.08.0257 (Exemptions--Auction sales of personal property
18 used in farming) and 2009 c 535 s 511 & 1980 c 37 s 25;

19 (15) RCW 82.08.0259 (Exemptions--Sales of livestock) and 2001 c 118
20 s 4 & 1980 c 37 s 27;

21 (16) RCW 82.08.0264 (Exemptions--Sales of motor vehicles, trailers,
22 or campers to nonresidents for use outside the state) and 2010 c 161 s
23 1165, 2007 c 135 s 1, & 1980 c 37 s 31;

24 (17) RCW 82.08.0265 (Exemptions--Sales to nonresidents of tangible
25 personal property which becomes a component of property of the
26 nonresident by installing, repairing, etc.--Labor and services for
27 installing, repairing, etc.) and 1980 c 37 s 32;

28 (18) RCW 82.08.0266 (Exemptions--Sales of watercraft to
29 nonresidents for use outside the state) and 1999 c 358 s 5 & 1980 c 37
30 s 33;

31 (19) RCW 82.08.02665 (Exemptions--Sales of watercraft, vessels to
32 residents of foreign countries) and 1999 c 358 s 6 & 1993 c 119 s 1;

33 (20) RCW 82.08.0267 (Exemptions--Sales of poultry for producing
34 poultry and poultry products for sale) and 1980 c 37 s 34;

35 (21) RCW 82.08.0268 (Exemptions--Sales of machinery and implements,
36 and related parts and labor, for farming to nonresidents for use
37 outside the state) and 1998 c 167 s 1 & 1980 c 37 s 35;

1 (22) RCW 82.08.0273 (Exemptions--Sales to nonresidents of tangible
2 personal property, digital goods, and digital codes for use outside the
3 state--Proof of nonresident status--Penalties) and 2011 c 7 s 1, 2010
4 c 106 s 215, 2009 c 535 s 512, 2007 c 135 s 2, 2003 c 53 s 399, 1993 c
5 444 s 1, 1988 c 96 s 1, 1982 1st ex.s. c 5 s 1, & 1980 c 37 s 39;
6 (23) RCW 82.08.0275 (Exemptions--Sales of and labor and service
7 charges for mining, sorting, crushing, etc., of sand, gravel, and rock
8 from county or city quarry for public road purposes) and 1980 c 37 s
9 41;
10 (24) RCW 82.12.0257 (Exemptions--Use of personal property of the
11 operating property of a public utility by state or political
12 subdivision) and 2010 c 106 s 220, 2009 c 535 s 611, & 1980 c 37 s 57;
13 (25) RCW 82.12.0258 (Exemptions--Use of personal property
14 previously used in farming and purchased from farmer at auction) and
15 2009 c 535 s 612 & 1980 c 37 s 58;
16 (26) RCW 82.12.0261 (Exemptions--Use of livestock) and 2001 c 118
17 s 5 & 1980 c 37 s 60;
18 (27) RCW 82.12.0262 (Exemptions--Use of poultry for producing
19 poultry and poultry products for sale) and 1980 c 37 s 61;
20 (28) RCW 82.12.0263 (Exemptions--Use of fuel by extractor or
21 manufacturer thereof) and 1980 c 37 s 62;
22 (29) RCW 82.12.0265 (Exemptions--Use by bailee of tangible personal
23 property consumed in research, development, etc., activities) and 1980
24 c 37 s 64;
25 (30) RCW 82.12.0266 (Exemptions--Use by residents of motor vehicles
26 and trailers acquired and used while members of the armed services and
27 stationed outside the state) and 1980 c 37 s 65;
28 (31) RCW 82.12.0269 (Exemptions--Use of sand, gravel, or rock to
29 extent of labor and service charges for mining, sorting, crushing,
30 etc., thereof from county or city quarry for public road purposes) and
31 1980 c 37 s 68;
32 (32) RCW 82.12.0272 (Exemptions--Use of personal property in single
33 trade shows) and 2009 c 535 s 616 & 1980 c 37 s 70;
34 (33) RCW 82.04.4282 (Deductions--Fees, dues, charges) and 2012 c
35 ... s 102 (section 102 of this act), 2009 c 535 s 410, 1994 c 124 s 3,
36 1989 c 392 s 1, & 1980 c 37 s 3;
37 (34) RCW 82.04.4281 (Deductions--Investments, dividends, interest

1 on loans) and 2007 c 54 s 9, 2002 c 150 s 2, & 1980 c 37 s 2. Formerly
2 RCW 82.04.430(1);

3 (35) RCW 82.08.0256 (Exemptions--Sale of the operating property of
4 a public utility to the state or a political subdivision) and 2010 c
5 106 s 213, 2009 c 535 s 509, & 1980 c 37 s 24; and

6 (36) RCW 82.12.0345 (Exemptions--Use of newspapers) and 2009 c 535
7 s 618 & 1994 c 124 s 11.

8 **Sec. 102.** RCW 82.04.4282 and 2009 c 535 s 410 are each amended to
9 read as follows:

10 (1) In computing tax there may be deducted from the measure of tax
11 amounts derived from bona fide ~~((+1))~~ (a) initiation fees, ~~((+2))~~ (b)
12 dues, ~~((+3))~~ (c) contributions, ~~((+4))~~ (d) donations, ~~((+5))~~ (e)
13 tuition fees, ~~((+6))~~ (f) charges made by a nonprofit trade or
14 professional organization for attending or occupying space at a trade
15 show, convention, or educational seminar sponsored by the nonprofit
16 trade or professional organization, which trade show, convention, or
17 educational seminar is not open to the general public, ~~((+7))~~ (g)
18 charges made for operation of privately operated kindergartens, and
19 ~~((+8))~~ (h) endowment funds.

20 (2) This section may not be construed to exempt any person,
21 association, or society from tax liability upon selling tangible
22 personal property, digital goods, digital codes, or digital automated
23 services, or upon providing facilities or other services for which a
24 special charge is made to members or others.

25 (3) If dues are in exchange for any significant amount of goods or
26 services rendered by the recipient thereof to members without any
27 additional charge to the member, or if the dues are graduated upon the
28 amount of goods or services rendered, the value of such goods or
29 services ~~((shall))~~ are not ~~((be))~~ considered as a deduction under this
30 section.

31 (4) The deductions under this section applicable to subsections
32 (1)(a) through (d) and (f) through (h) of this section do not apply on
33 or after July 1, 2019.

34 (5) The deduction under this section applicable to subsection
35 (1)(e) of this section applies until July 1, 2017.

1 **Sec. 103.** RCW 43.136.045 and 2011 c 335 s 2 are each amended to
2 read as follows:

3 (1) The citizen commission for performance measurement of tax
4 preferences must develop a schedule to accomplish an orderly review of
5 tax preferences at least once every ten years. In determining the
6 schedule, the commission must consider the order the tax preferences
7 were enacted into law, in addition to other factors including but not
8 limited to grouping preferences for review by type of industry,
9 economic sector, or policy area. The commission may elect to include,
10 anywhere in the schedule, a tax preference that has a statutory
11 expiration date. The commission must omit from the schedule tax
12 preferences that are required by constitutional law(~~(, sales and use
13 tax exemptions for machinery and equipment for manufacturing, research
14 and development, or testing, the small business credit for the business
15 and occupation tax,~~) sales and use tax exemptions for food and
16 prescription drugs, property tax relief for retired persons, and
17 property tax valuations based on current use, and may omit any tax
18 preference that the commission determines is a critical part of the
19 structure of the tax system. As an alternative to the process under
20 RCW 43.136.055, the commission may recommend to the joint legislative
21 audit and review committee an expedited review process for any tax
22 preference.

23 (2) The commission must revise the schedule as needed each year,
24 taking into account newly enacted or terminated tax preferences. The
25 commission must deliver the schedule to the joint legislative audit and
26 review committee by September 1st of each year.

27 (3) The commission must provide a process for effective citizen
28 input during its deliberations.

29 **PART II**

30 **Repealing Sales and Use Tax Exemptions**

31 NEW SECTION. **Sec. 201.** The following acts or parts of acts, as
32 now existing or hereafter amended, are each repealed, effective July 1,
33 2019:

34 (1) RCW 82.08.0203 (Exemptions--Trail grooming services) and 2008
35 c 260 s 1;

1 (2) RCW 82.08.02525 (Exemptions--Sale of copied public records by
2 state and local agencies) and 2011 c 60 s 49, 2009 c 535 s 505, & 1996
3 c 63 s 1;

4 (3) RCW 82.08.02535 (Exemptions--Sales and distribution of
5 magazines or periodicals by subscription for fund-raising) and 2009 c
6 535 s 507 & 1995 2nd sp.s. c 8 s 1;

7 (4) RCW 82.08.02569 (Exemptions--Sales of tangible personal
8 property related to a building or structure that is an integral part of
9 a laser interferometer gravitational wave observatory) and 1996 c 113
10 s 1;

11 (5) RCW 82.08.02573 (Exemptions--Sales by a nonprofit organization
12 for fund-raising activities) and 2010 c 106 s 214 & 1998 c 336 s 3;

13 (6) RCW 82.08.0271 (Exemptions--Sales to municipal corporations,
14 the state, and political subdivisions of tangible personal property,
15 labor and services on watershed protection and flood prevention
16 contracts) and 1980 c 37 s 37;

17 (7) RCW 82.08.0278 (Exemptions--Sales between political
18 subdivisions resulting from annexation or incorporation) and 1980 c 37
19 s 44;

20 (8) RCW 82.08.0287 (Exemptions--Sales of passenger motor vehicles
21 as ride-sharing vehicles) and 2001 c 320 s 4, 1996 c 244 s 4, 1995 c
22 274 s 2, 1993 c 488 s 2, & 1980 c 166 s 1;

23 (9) RCW 82.08.02875 (Exemptions--Vehicle parking charges subject to
24 tax at stadium and exhibition center) and 1997 c 220 s 203;

25 (10) RCW 82.08.0291 (Exemptions--Sales of amusement and recreation
26 services or personal services by nonprofit youth organization--Local
27 government physical fitness classes) and 2000 c 103 s 8, 1994 c 85 s 1,
28 & 1981 c 74 s 2;

29 (11) RCW 82.08.031 (Exemptions--Sales to artistic or cultural
30 organizations of certain objects acquired for exhibition or
31 presentation) and 1981 c 140 s 4;

32 (12) RCW 82.08.830 (Exemptions--Sales at camp or conference center
33 by nonprofit organization) and 1997 c 388 s 2;

34 (13) RCW 82.08.834 (Exemptions--Sales/leasebacks by regional
35 transit authorities) and 2000 2nd sp.s. c 4 s 21;

36 (14) RCW 82.08.870 (Exemptions--Motorcycles for training programs)
37 and 2001 c 285 s 2;

1 (15) RCW 82.12.02525 (Exemptions--Sale of copied public records by
2 state and local agencies) and 2011 c 60 s 50, 2009 c 535 s 609, & 1996
3 c 63 s 2;

4 (16) RCW 82.12.02569 (Exemptions--Use of tangible personal property
5 related to a building or structure that is an integral part of a laser
6 interferometer gravitational wave observatory) and 1996 c 113 s 2;

7 (17) RCW 82.12.930 (Exemptions--Watershed protection or flood
8 prevention) and 2003 c 5 s 17;

9 (18) RCW 82.12.0274 (Exemptions--Use of tangible personal property
10 by political subdivision resulting from annexation or incorporation)
11 and 1980 c 37 s 72;

12 (19) RCW 82.12.0279 (Exemptions--Use of ferry vessels by the state
13 or local governmental units--Components thereof) and 2003 c 5 s 9 &
14 1980 c 37 s 77;

15 (20) RCW 82.12.0282 (Exemptions--Use of vans as ride-sharing
16 vehicles) and 2001 c 320 s 5, 1999 c 358 s 11, 1996 c 88 s 4, 1993 c
17 488 s 4, & 1980 c 166 s 2;

18 (21) RCW 82.12.02917 (Exemptions--Use of amusement and recreation
19 services by nonprofit youth organization) and 1999 c 358 s 7;

20 (22) RCW 82.12.031 (Exemptions--Use by artistic or cultural
21 organizations of certain objects) and 1981 c 140 s 5;

22 (23) RCW 82.12.834 (Exemptions--Sales/leasebacks by regional
23 transit authorities) and 2001 c 320 s 6 & 2000 2nd sp.s. c 4 s 22;

24 (24) RCW 82.12.845 (Use of motorcycles loaned to department of
25 licensing) and 2001 c 121 s 1;

26 (25) RCW 82.12.02595 (Exemptions--Personal property and certain
27 services donated to nonprofit organization or governmental entity) and
28 2009 c 535 s 615, 2004 c 155 s 1, 2003 c 5 s 11, 1998 c 182 s 1, & 1995
29 c 201 s 1;

30 (26) RCW 82.12.0264 (Exemptions--Use of dual-controlled motor
31 vehicles by school for driver training) and 1980 c 37 s 63;

32 (27) RCW 82.12.0284 (Exemptions--Use of computers or computer
33 components, accessories, software, digital goods, or digital codes
34 donated to schools or colleges) and 2009 c 535 s 617, 2007 c 54 s 15,
35 2003 c 168 s 603, & 1983 1st ex.s. c 55 s 7;

36 (28) RCW 82.08.995 (Exemptions--Certain limited purpose public
37 corporations, commissions, and authorities) and 2009 c 535 s 514 & 2007
38 c 381 s 2;

- 1 (29) RCW 82.08.999 (Exemptions--Joint municipal utility services
2 authorities) and 2011 c 258 s 12;
- 3 (30) RCW 82.12.999 (Exemptions--Joint municipal utility services
4 authorities) and 2011 c 258 s 13;
- 5 (31) RCW 82.08.025651 (Exemptions--Sales of machinery and equipment
6 to public research institutions) and 2011 c 23 s 4;
- 7 (32) RCW 82.12.025651 (Exemptions--Use of machinery and equipment
8 by public research institutions) and 2011 c 23 s 5; and
- 9 (33) RCW 82.12.995 (Exemptions--Certain limited purpose public
10 corporations, commissions, and authorities) and 2009 c 535 s 622 & 2007
11 c 381 s 3.

12 NEW SECTION. **Sec. 202.** The following acts or parts of acts, as
13 now existing or hereafter amended, are each repealed, effective July 1,
14 2021:

- 15 (1) RCW 82.08.02081 (Exemptions--Audio or video programming) and
16 2009 c 535 s 502;
- 17 (2) RCW 82.08.02087 (Exemptions--Digital goods and services--
18 Purchased for business purposes) and 2010 c 111 s 402 & 2009 c 535 s
19 504;
- 20 (3) RCW 82.08.02565 (Exemptions--Sales of machinery and equipment
21 for manufacturing, research and development, or a testing operation--
22 Labor and services for installation--Exemption certificate--Rules) and
23 2011 c 23 s 2, 2009 c 535 s 510, 1999 c 211 s 5, 1999 c 211 s 3, & 1998
24 c 330 s 1;
- 25 (4) RCW 82.08.02566 (Exemptions--Sales of tangible personal
26 property incorporated in prototype for parts, auxiliary equipment, and
27 aircraft modification--Limitations on yearly exemption) and 2003 c 168
28 s 208, 1997 c 302 s 1, & 1996 c 247 s 4;
- 29 (5) RCW 82.08.02568 (Exemptions--Sales of carbon and similar
30 substances that become an ingredient or component of anodes or cathodes
31 used in producing aluminum for sale) and 1996 c 170 s 1;
- 32 (6) RCW 82.08.0267 (Exemptions--Sales of poultry for producing
33 poultry and poultry products for sale) and 1980 c 37 s 34;
- 34 (7) RCW 82.08.0272 (Exemptions--Sales of semen for artificial
35 insemination of livestock) and 1980 c 37 s 38;
- 36 (8) RCW 82.08.0274 (Exemptions--Sales of form lumber to person

1 engaged in constructing, repairing, etc., structures for consumers) and
2 1980 c 37 s 40;

3 (9) RCW 82.08.02745 (Exemptions--Charges for labor and services or
4 sales of tangible personal property related to agricultural employee
5 housing--Exemption certificate--Rules) and 2007 c 54 s 14, 1997 c 438
6 s 1, & 1996 c 117 s 1;

7 (10) RCW 82.08.0288 (Exemptions--Lease of certain irrigation
8 equipment) and 1983 1st ex.s. c 55 s 5;

9 (11) RCW 82.08.0294 (Exemptions--Sales of feed for cultivating or
10 raising fish for sale) and 1985 c 148 s 3;

11 (12) RCW 82.08.0296 (Exemptions--Sales of feed consumed by
12 livestock at a public livestock market) and 1986 c 265 s 1;

13 (13) RCW 82.08.0298 (Exemptions--Sales of diesel fuel for use in
14 operating watercraft in commercial deep sea fishing or commercial
15 passenger fishing boat operations outside the state) and 1987 c 494 s
16 1;

17 (14) RCW 82.08.0311 (Exemptions--Sales of materials and supplies
18 used in packing horticultural products) and 1988 c 68 s 1;

19 (15) RCW 82.08.0315 (Exemptions--Rentals or sales related to motion
20 picture or video productions--Exceptions--Certificate) and 1997 c 61 s
21 1 & 1995 2nd sp.s. c 5 s 1;

22 (16) RCW 82.08.036 (Exemptions--Vehicle battery core deposits or
23 credits--Replacement vehicle tire fees--"Core deposits or credits"
24 defined) and 1989 c 431 s 45;

25 (17) RCW 82.08.806 (Exemptions--Sale of computer equipment parts
26 and services to printer or publisher) and 2011 c 174 s 204, 2010 1st
27 sp.s. c 23 s 516, 2009 c 461 s 5, & 2004 c 8 s 2;

28 (18) RCW 82.08.807 (Exemptions--Direct mail delivery charges) and
29 2005 c 514 s 115;

30 (19) RCW 82.08.810 (Exemptions--Air pollution control facilities at
31 a thermal electric generation facility--Exceptions--Exemption
32 certificate--Payments on cessation of operation) and 1997 c 368 s 2;

33 (20) RCW 82.08.820 (Exemptions--Remittance--Warehouse and grain
34 elevators and distribution centers--Material-handling and racking
35 equipment--Construction of warehouse or elevator--Information sheet--
36 Rules--Records--Exceptions) and 2011 c 174 s 206, 2006 c 354 s 12, 2005
37 c 513 s 11, & 1997 c 450 s 2;

1 (21) RCW 82.08.855 (Exemptions--Replacement parts for qualifying
2 farm machinery and equipment) and 2007 c 332 s 1 & 2006 c 172 s 1;
3 (22) RCW 82.08.865 (Exemptions--Diesel, biodiesel, and aircraft
4 fuel for farm fuel users) and 2010 c 106 s 218, 2007 c 443 s 1, & 2006
5 c 7 s 1;
6 (23) RCW 82.08.880 (Exemptions--Animal pharmaceuticals) and 2001
7 2nd sp.s. c 17 s 1;
8 (24) RCW 82.08.890 (Exemptions--Qualifying livestock nutrient
9 management equipment and facilities) and 2010 1st sp.s. c 23 s 601,
10 2009 c 469 s 601, 2006 c 151 s 2, & 2001 2nd sp.s. c 18 s 2;
11 (25) RCW 82.08.900 (Exemptions--Anaerobic digesters) and 2006 c 151
12 s 4 & 2001 2nd sp.s. c 18 s 4;
13 (26) RCW 82.08.910 (Exemptions--Propane or natural gas to heat
14 chicken structures) and 2001 2nd sp.s. c 25 s 3;
15 (27) RCW 82.08.920 (Exemptions--Chicken bedding materials) and 2001
16 2nd sp.s. c 25 s 5;
17 (28) RCW 82.08.990 (Exemptions--Import or export commerce) and 2007
18 c 477 s 3;
19 (29) RCW 82.12.02081 (Exemptions--Audio or video programming) and
20 2009 c 535 s 602;
21 (30) RCW 82.12.02087 (Exemptions--Digital goods, codes, and
22 services--Used for business purposes) and 2010 c 111 s 502 & 2009 c 535
23 s 607;
24 (31) RCW 82.12.02565 (Exemptions--Machinery and equipment used for
25 manufacturing, research and development, or a testing operation) and
26 2003 c 5 s 5, 1999 c 211 s 6, 1998 c 330 s 2, 1996 c 247 s 3, & 1995
27 1st sp.s. c 3 s 3;
28 (32) RCW 82.12.02566 (Exemptions--Use of tangible personal property
29 incorporated in prototype for aircraft parts, auxiliary equipment, and
30 aircraft modification--Limitations on yearly exemption) and 2003 c 168
31 s 209, 1997 c 302 s 2, & 1996 c 247 s 5;
32 (33) RCW 82.12.02568 (Exemptions--Use of carbon and similar
33 substances that become an ingredient or component of anodes or cathodes
34 used in producing aluminum for sale) and 1996 c 170 s 2;
35 (34) RCW 82.12.0267 (Exemptions--Use of semen in artificial
36 insemination of livestock) and 1980 c 37 s 66;
37 (35) RCW 82.12.0268 (Exemptions--Use of form lumber by persons

1 engaged in constructing, repairing, etc., structures for consumers) and
2 1980 c 37 s 67;

3 (36) RCW 82.12.02685 (Exemptions--Use of tangible personal property
4 related to agricultural employee housing) and 1997 c 438 s 2 & 1996 c
5 117 s 2;

6 (37) RCW 82.12.0273 (Exemptions--Use of pollen) and 1980 c 37 s 71;

7 (38) RCW 82.12.0283 (Exemptions--Use of certain irrigation
8 equipment) and 1983 1st ex.s. c 55 s 6;

9 (39) RCW 82.12.0294 (Exemptions--Use of feed for cultivating or
10 raising fish for sale) and 1985 c 148 s 4;

11 (40) RCW 82.12.0296 (Exemptions--Use of feed consumed by livestock
12 at a public livestock market) and 1986 c 265 s 2;

13 (41) RCW 82.12.0298 (Exemptions--Use of diesel fuel in operating
14 watercraft in commercial deep sea fishing or commercial passenger
15 fishing boat operations outside the state) and 1987 c 494 s 2;

16 (42) RCW 82.12.0311 (Exemptions--Use of materials and supplies in
17 packing horticultural products) and 1988 c 68 s 2;

18 (43) RCW 82.12.0315 (Exemptions--Rental or sales related to motion
19 picture or video productions--Exceptions) and 2009 c 535 s 614, 2003 c
20 5 s 10, & 1995 2nd sp.s. c 5 s 2;

21 (44) RCW 82.12.038 (Exemptions--Vehicle battery core deposits or
22 credits--Replacement vehicle tire fees--"Core deposits or credits"
23 defined) and 1989 c 431 s 46;

24 (45) RCW 82.12.806 (Exemptions--Use of computer equipment parts and
25 services by printer or publisher) and 2004 c 8 s 3;

26 (46) RCW 82.12.807 (Exemptions--Direct mail delivery charges) and
27 2005 c 514 s 116;

28 (47) RCW 82.12.810 (Exemptions--Air pollution control facilities at
29 a thermal electric generation facility--Exceptions--Payments on
30 cessation of operation) and 2003 c 5 s 12 & 1997 c 368 s 3;

31 (48) RCW 82.12.820 (Exemptions--Warehouse and grain elevators and
32 distribution centers) and 2006 c 354 s 13, 2005 c 513 s 12, 2003 c 5 s
33 13, 2000 c 103 s 9, & 1997 c 450 s 3;

34 (49) RCW 82.12.855 (Exemptions--Replacement parts for qualifying
35 farm machinery and equipment) and 2007 c 332 s 2 & 2006 c 172 s 2;

36 (50) RCW 82.12.865 (Exemptions--Diesel, biodiesel, and aircraft
37 fuel for farm fuel users) and 2010 c 106 s 222, 2007 c 443 s 2, & 2006
38 c 7 s 2;

1 (51) RCW 82.12.880 (Exemptions--Animal pharmaceuticals) and 2001
2 2nd sp.s. c 17 s 2;
3 (52) RCW 82.12.890 (Exemptions--Livestock nutrient management
4 equipment and facilities) and 2010 1st sp.s. c 23 s 602, 2009 c 469 s
5 602, 2006 c 151 s 3, 2003 c 5 s 15, & 2001 2nd sp.s. c 18 s 3;
6 (53) RCW 82.12.900 (Exemptions--Anaerobic digesters) and 2006 c 151
7 s 5, 2003 c 5 s 16, & 2001 2nd sp.s. c 18 s 5;
8 (54) RCW 82.12.910 (Exemptions--Propane or natural gas to heat
9 chicken structures) and 2001 2nd sp.s. c 25 s 4;
10 (55) RCW 82.12.920 (Exemptions--Chicken bedding materials) and 2001
11 2nd sp.s. c 25 s 6;
12 (56) RCW 82.12.800 (Exemptions--Uses of vessel, vessel's trailer by
13 manufacturer) and 2011 c 171 s 121 & 1997 c 293 s 1;
14 (57) RCW 82.12.801 (Exemptions--Uses of vessel, vessel's trailer by
15 dealer) and 2011 c 171 s 122 & 1997 c 293 s 2;
16 (58) RCW 82.12.802 (Vessels held in inventory by dealer or
17 manufacturer--Tax on personal use--Documentation--Rules) and 1997 c 293
18 s 3;
19 (59) RCW 82.12.860 (Exemptions--Property and services acquired from
20 a federal credit union) and 2009 c 535 s 621 & 2006 c 11 s 1;
21 (60) RCW 82.66.040 (Repayment schedule--Interest, penalties) and
22 1998 c 339 s 1 & 1995 c 352 s 4;
23 (61) RCW 82.08.850 (Exemptions--Conifer seed) and 2001 c 129 s 2;
24 (62) RCW 82.12.850 (Exemptions--Conifer seed) and 2001 c 129 s 3;
25 (63) RCW 82.12.02085 (Exemptions--Digital goods--Noncommercial--
26 Internal audience--Not for sale) and 2009 c 535 s 605;
27 (64) RCW 82.08.0282 (Exemptions--Sales of returnable containers for
28 beverages and foods) and 1980 c 37 s 47;
29 (65) RCW 82.08.0269 (Exemptions--Sales for use in states,
30 territories, and possessions of the United States which are not
31 contiguous to any other state) and 1980 c 37 s 36;
32 (66) RCW 82.08.0279 (Exemptions--Renting or leasing of motor
33 vehicles and trailers to a nonresident for use in the transportation of
34 persons or property across state boundaries) and 1980 c 37 s 45;
35 (67) RCW 82.08.700 (Exemptions--Vessels sold to nonresidents) and
36 2010 c 106 s 219 & 2007 c 22 s 1;
37 (68) RCW 82.12.700 (Exemptions--Vessels sold to nonresidents) and
38 2007 c 22 s 2; and

1 (69) RCW 82.12.955 (Exemptions--Use of machinery, equipment,
2 vehicles, and services related to biodiesel or E85 motor fuel) and 2007
3 c 309 s 5 & 2003 c 63 s 3.

4 NEW SECTION. **Sec. 203.** The following acts or parts of acts, as
5 now existing or hereafter amended, are each repealed, effective July 1,
6 2023:

7 (1) RCW 82.08.02537 (Exemptions--Sales of academic transcripts) and
8 2009 c 535 s 508 & 1996 c 272 s 2;

9 (2) RCW 82.08.0289 (Exemptions--Telephone, telecommunications, and
10 ancillary services) and 2007 c 6 s 1006, 2007 c 6 s 1005, 2002 c 67 s
11 6, & 1983 2nd ex.s. c 3 s 30;

12 (3) RCW 82.08.832 (Exemptions--Sales of gun safes) and 1998 c 178
13 s 1;

14 (4) RCW 82.12.0347 (Exemptions--Use of academic transcripts) and
15 2009 c 535 s 619 & 1996 c 272 s 3;

16 (5) RCW 82.12.832 (Exemptions--Use of gun safes) and 1998 c 178 s
17 2;

18 (6) RCW 82.08.0205 (Exemptions--Waste vegetable oil) and 2008 c 237
19 s 2;

20 (7) RCW 82.08.02082 (Exemptions--Digital products or services--
21 Ingredient or component--Made available for free) and 2010 c 111 s 401
22 & 2009 c 535 s 503;

23 (8) RCW 82.08.9995 (Exemptions--Restaurant employee meals) and 2011
24 c 55 s 2;

25 (9) RCW 82.12.9995 (Exemptions--Restaurant employee meals) and 2011
26 c 55 s 3;

27 (10) RCW 82.12.0205 (Exemptions--Waste vegetable oil) and 2008 c
28 237 s 3; and

29 (11) RCW 82.12.02082 (Exemptions--Digital products or services--
30 Made available for free to general public) and 2010 c 111 s 501 & 2009
31 c 535 s 603.

32 NEW SECTION. **Sec. 204.** The following acts or parts of acts, as
33 now existing or hereafter amended, are each repealed, effective July 1,
34 2025:

35 (1) RCW 82.08.0258 (Exemptions--Sales to federal corporations
36 providing aid and relief) and 1980 c 37 s 26;

1 (2) RCW 82.08.02795 (Exemptions--Sales to free hospitals) and 1993
2 c 205 s 1;

3 (3) RCW 82.08.02805 (Exemptions--Sales to qualifying blood, tissue,
4 or blood and tissue banks) and 2004 c 82 s 2 & 1995 2nd sp.s. c 9 s 4;

5 (4) RCW 82.08.02806 (Exemptions--Sales of human blood, tissue,
6 organs, bodies, or body parts for medical research and quality control
7 testing) and 1996 c 141 s 1;

8 (5) RCW 82.08.02807 (Exemptions--Sales to organ procurement
9 organization) and 2002 c 113 s 2;

10 (6) RCW 82.08.0283 (Exemptions--Certain medical items) and 2007 c
11 6 s 1101, 2004 c 153 s 101, 2003 c 168 s 409, 2001 c 75 s 1, 1998 c 168
12 s 2, 1997 c 224 s 1, 1996 c 162 s 1, 1991 c 250 s 2, 1986 c 255 s 1,
13 1980 c 86 s 1, & 1980 c 37 s 48;

14 (7) RCW 82.08.02915 (Exemptions--Sales used by health or social
15 welfare organizations for alternative housing for youth in crisis) and
16 1998 c 183 s 1, 1997 c 386 s 56, & 1995 c 346 s 1;

17 (8) RCW 82.08.0299 (Exemptions--Emergency lodging for homeless
18 persons--Conditions) and 1988 c 61 s 1;

19 (9) RCW 82.08.803 (Exemptions--Nebulizers) and 2007 c 6 s 1103 &
20 2004 c 153 s 104;

21 (10) RCW 82.08.804 (Exemptions--Ostomic items) and 2004 c 153 s
22 106;

23 (11) RCW 82.08.808 (Exemptions--Sales of medical supplies,
24 chemicals, or materials to comprehensive cancer centers) and 2005 c 514
25 s 402;

26 (12) RCW 82.08.925 (Exemptions--Dietary supplements) and 2003 c 168
27 s 302;

28 (13) RCW 82.08.935 (Exemptions--Disposable devices used to deliver
29 prescription drugs for human use) and 2003 c 168 s 404;

30 (14) RCW 82.08.940 (Exemptions--Over-the-counter drugs for human
31 use) and 2003 c 168 s 405;

32 (15) RCW 82.08.945 (Exemptions--Kidney dialysis devices) and 2004
33 c 153 s 110 & 2003 c 168 s 410;

34 (16) RCW 82.08.997 (Exemptions--Temporary medical housing) and 2008
35 c 137 s 2;

36 (17) RCW 82.08.998 (Exemptions--Weatherization of a residence) and
37 2008 c 92 s 1;

1 (18) RCW 82.12.0259 (Exemptions--Use of personal property, digital
2 automated services, or certain other services by federal corporations
3 providing aid and relief) and 2009 c 535 s 613, 2003 c 5 s 7, & 1980 c
4 37 s 59;

5 (19) RCW 82.12.02745 (Exemptions--Use by free hospitals of certain
6 items) and 1993 c 205 s 2;

7 (20) RCW 82.12.02747 (Exemptions--Use of medical products by
8 qualifying blood, tissue, or blood and tissue banks) and 2004 c 82 s 3
9 & 1995 2nd sp.s. c 9 s 5;

10 (21) RCW 82.12.02748 (Exemptions--Use of human blood, tissue,
11 organs, bodies, or body parts for medical research or quality control
12 testing) and 1996 c 141 s 2;

13 (22) RCW 82.12.02749 (Exemptions--Use of medical supplies,
14 chemicals, or materials by organ procurement organization) and 2002 c
15 113 s 3;

16 (23) RCW 82.12.0277 (Exemptions--Certain medical items) and 2007 c
17 6 s 1102 & 2004 c 153 s 109;

18 (24) RCW 82.12.02915 (Exemptions--Use of items by health or social
19 welfare organizations for alternative housing for youth in crisis) and
20 1998 c 183 s 2, 1997 c 386 s 57, & 1995 c 346 s 2;

21 (25) RCW 82.12.803 (Exemptions--Nebulizers) and 2007 c 6 s 1104 &
22 2004 c 153 s 105;

23 (26) RCW 82.12.804 (Exemptions--Ostomic items) and 2004 c 153 s
24 107;

25 (27) RCW 82.12.808 (Exemptions--Use of medical supplies, chemicals,
26 or materials by comprehensive cancer centers) and 2005 c 514 s 403;

27 (28) RCW 82.12.925 (Exemptions--Dietary supplements) and 2003 c 168
28 s 304;

29 (29) RCW 82.12.935 (Exemptions--Disposable devices used to deliver
30 prescription drugs for human use) and 2003 c 168 s 407;

31 (30) RCW 82.12.940 (Exemptions--Over-the-counter drugs for human
32 use) and 2003 c 168 s 408;

33 (31) RCW 82.12.945 (Exemptions--Kidney dialysis devices) and 2004
34 c 153 s 111 & 2003 c 168 s 411; and

35 (32) RCW 82.12.998 (Exemptions--Weatherization of a residence) and
36 2008 c 92 s 2.

1 **Sec. 205.** RCW 82.04.050 and 2011 c 174 s 202 are each amended to
2 read as follows:

3 (1)(a) "Sale at retail" or "retail sale" means every sale of
4 tangible 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:

10 (i) 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 (ii) 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 (iii) Purchases for the purpose of consuming the property purchased
20 in producing for sale as 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 (iv) Until July 1, 2021, purchases for the purpose of consuming the
26 property purchased in producing ferrosilicon which is subsequently used
27 in producing magnesium for sale, if the primary purpose of such
28 property is to create a chemical reaction directly through contact with
29 an ingredient of ferrosilicon; or

30 (v) 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; or

33 (vi) Purchases for the purpose of satisfying the person's
34 obligations under an extended warranty as defined in subsection (7) of
35 this section, if such tangible personal property replaces or becomes an
36 ingredient or component of property covered by the extended warranty
37 without intervening use by such person.

1 (b) The term includes every sale of tangible personal property that
2 is used or consumed or to be used or consumed in the performance of any
3 activity defined as a "sale at retail" or "retail sale" even though
4 such property is resold or used as provided in (a)(i) through (vi) of
5 this subsection following such use.

6 (c) The term also means every sale of tangible personal property to
7 persons engaged in any business that is taxable under RCW 82.04.280(1)
8 (a), (b), and (g), 82.04.290, and 82.04.2908.

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

12 (a) The installing, repairing, cleaning, altering, imprinting, or
13 improving of tangible personal property of or for consumers, including
14 charges made for the mere use of facilities in respect thereto, but
15 excluding, until July 1, 2023, charges made for the use of self-service
16 laundry facilities, and until July 1, 2017, also excluding sales of
17 laundry service to nonprofit health care facilities, and excluding,
18 until July 1, 2021, services rendered in respect to live animals, birds
19 and insects;

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

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

35 (d) The cleaning, fumigating, razing, or moving of existing
36 buildings or structures, but until July 1, 2017, does not include the
37 charge made for janitorial services; and for purposes of this section
38 the term "janitorial services" means those cleaning and caretaking

1 services 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) Automobile towing and similar automotive transportation
8 services, but not in respect to those required to report and pay taxes
9 under chapter 82.16 RCW;

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

20 (g) The installing, repairing, altering, or improving of digital
21 goods for consumers;

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

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

36 (a) Amusement and recreation services including but not limited to
37 golf, pool, billiards, skating, bowling, ski lifts and tows, day trips
38 for sightseeing purposes, and others, when provided to consumers;

1 (b) Abstract, title insurance, and escrow services;
2 (c) Credit bureau services;
3 (d) Automobile parking and storage garage services;
4 (e) Landscape maintenance and horticultural services but excluding,
5 until July 1, 2021, (i) horticultural services provided to farmers and
6 (ii) pruning, trimming, repairing, removing, and clearing of trees and
7 brush near electric transmission or distribution lines or equipment, if
8 performed by or at the direction of an electric utility;
9 (f) Service charges associated with tickets to professional
10 sporting events; and
11 (g) The following personal services: Physical fitness services,
12 tanning salon services, tattoo parlor services, steam bath services,
13 turkish bath services, escort services, and dating services.
14 (4)(a) The term also includes the renting or leasing of tangible
15 personal property to consumers.
16 (b) The term does not include the renting or leasing of tangible
17 personal property where the lease or rental is for the purpose of
18 sublease or subrent.
19 (5) The term also includes the providing of "competitive telephone
20 service," "telecommunications service," or "ancillary services," as
21 those terms are defined in RCW 82.04.065, to consumers.
22 (6)(a)(i) The term also includes the sale of prewritten computer
23 software to a consumer, regardless of the method of delivery to the end
24 user. For purposes of this subsection (6)(a), the sale of prewritten
25 computer software includes the sale of or charge made for a key or an
26 enabling or activation code, where the key or code is required to
27 activate prewritten computer software and put the software into use.
28 There is no separate sale of the key or code from the prewritten
29 computer software, regardless of how the sale may be characterized by
30 the vendor or by the purchaser.
31 (ii) Until July 1, 2021 the term "retail sale" does not include the
32 sale of or charge made for:
33 ((+i)) (A) Custom software; or
34 ((+ii)) (B) The customization of prewritten computer software.
35 (b)(i) The term also includes the charge made to consumers for the
36 right to access and use prewritten computer software, where possession
37 of the software is maintained by the seller or a third party,

1 regardless of whether the charge for the service is on a per use, per
2 user, per license, subscription, or some other basis.

3 (ii)(A) The service described in (b)(i) of this subsection (6)
4 includes the right to access and use prewritten computer software to
5 perform data processing.

6 (B) For purposes of this subsection (6)(b)(ii), "data processing"
7 means the systematic performance of operations on data to extract the
8 required information in an appropriate form or to convert the data to
9 usable information. Data processing includes check processing, image
10 processing, form processing, survey processing, payroll processing,
11 claim processing, and similar activities.

12 (7) The term also includes the sale of or charge made for an
13 extended warranty to a consumer. For purposes of this subsection,
14 "extended warranty" means an agreement for a specified duration to
15 perform the replacement or repair of tangible personal property at no
16 additional charge or a reduced charge for tangible personal property,
17 labor, or both, or to provide indemnification for the replacement or
18 repair of tangible personal property, based on the occurrence of
19 specified events. The term "extended warranty" does not include an
20 agreement, otherwise meeting the definition of extended warranty in
21 this subsection, if no separate charge is made for the agreement and
22 the value of the agreement is included in the sales price of the
23 tangible personal property covered by the agreement. For purposes of
24 this subsection, "sales price" has the same meaning as in RCW
25 82.08.010.

26 (8)(a) The term also includes the following sales to consumers of
27 digital goods, digital codes, and digital automated services:

28 (i) Sales in which the seller has granted the purchaser the right
29 of permanent use;

30 (ii) Sales in which the seller has granted the purchaser a right of
31 use that is less than permanent;

32 (iii) Sales in which the purchaser is not obligated to make
33 continued payment as a condition of the sale; and

34 (iv) Sales in which the purchaser is obligated to make continued
35 payment as a condition of the sale.

36 (b) A retail sale of digital goods, digital codes, or digital
37 automated services under this subsection (8) includes any services

1 provided by the seller exclusively in connection with the digital
2 goods, digital codes, or digital automated services, whether or not a
3 separate charge is made for such services.

4 (c) For purposes of this subsection, "permanent" means perpetual or
5 for an indefinite or unspecified length of time. A right of permanent
6 use is presumed to have been granted unless the agreement between the
7 seller and the purchaser specifies or the circumstances surrounding the
8 transaction suggest or indicate that the right to use terminates on the
9 occurrence of a condition subsequent.

10 (9) The term also includes the charge made for providing tangible
11 personal property along with an operator for a fixed or indeterminate
12 period of time. A consideration of this is that the operator is
13 necessary for the tangible personal property to perform as designed.
14 For the purpose of this subsection (9), an operator must do more than
15 maintain, inspect, or set up the tangible personal property.

16 (10)(a) Until July 1, 2017, the term does not include the sale of
17 or charge made for labor and services rendered in respect to the
18 building, repairing, or improving of any street, place, road, highway,
19 easement, right-of-way, mass public transportation terminal or parking
20 facility, bridge, tunnel, or trestle which is owned by a municipal
21 corporation or political subdivision of the state or by the United
22 States and which is used or to be used primarily for foot or vehicular
23 traffic including mass transportation vehicles of any kind.

24 (b) The term does not include the sale of or charge made for labor
25 and services rendered in respect to the building, repairing, or
26 improving of any street, place, road, highway, easement, right-of-way,
27 mass public transportation terminal or parking facility, bridge,
28 tunnel, or trestle which is owned by the United States and which is
29 used or to be used primarily for foot or vehicular traffic including
30 mass transportation vehicles of any kind.

31 (11) Until July 1, 2017, the term also does not include sales of
32 chemical sprays or washes to persons for the purpose of postharvest
33 treatment of fruit for the prevention of scald, fungus, mold, or decay,
34 nor does it include sales of feed, seed, seedlings, fertilizer, agents
35 for enhanced pollination including insects such as bees, and spray
36 materials to: (a) Persons who participate in the federal conservation
37 reserve program, the environmental quality incentives program, the
38 wetlands reserve program, and the wildlife habitat incentives program,

1 or their successors administered by the United States department of
2 agriculture; (b) farmers for the purpose of producing for sale any
3 agricultural product; and (c) farmers acting under cooperative habitat
4 development or access contracts with an organization exempt from
5 federal income tax under 26 U.S.C. Sec. 501(c)(3) of the federal
6 internal revenue code or the Washington state department of fish and
7 wildlife to produce or improve wildlife habitat on land that the farmer
8 owns or leases.

9 (12)(a) Until July 1, 2019, the term does not include the sale of
10 or charge made for labor and services rendered in respect to the
11 constructing, repairing, decorating, or improving of new or existing
12 buildings or other structures under, upon, or above real property of or
13 for the United States, any instrumentality thereof, or a county or city
14 housing authority created pursuant to chapter 35.82 RCW, including the
15 installing, or attaching of any article of tangible personal property
16 therein or thereto, whether or not such personal property becomes a
17 part of the realty by virtue of installation. Nor does the term
18 include the sale of services or charges made for the clearing of land
19 and the moving of earth of or for the United States, any
20 instrumentality thereof, or a county or city housing authority. Nor
21 does the term include the sale of services or charges made for cleaning
22 up for the United States, or its instrumentalities, radioactive waste
23 and other by-products of weapons production and nuclear research and
24 development.

25 (b) The term does not include the sale of or charge made for labor
26 and services rendered in respect to the constructing, repairing,
27 decorating, or improving of new or existing buildings or other
28 structures under, upon, or above real property of or for the United
29 States or any instrumentality thereof, including the installing or
30 attaching of any article of tangible personal property therein or
31 thereto, whether or not such personal property becomes a part of the
32 realty by virtue of installation. Nor does the term include the sale
33 of services or charges made for the clearing of land and the moving of
34 earth of or for the United States or any instrumentality thereof. Nor
35 does the term include the sale of services or charges made for cleaning
36 up for the United States or its instrumentalities, radioactive waste
37 and other by-products of weapons production and nuclear research and
38 development.

1 (13) Until July 1, 2019, the term does not include the sale of or
2 charge made for labor, services, or tangible personal property pursuant
3 to agreements providing maintenance services for bus, rail, or rail
4 fixed guideway equipment when a regional transit authority is the
5 recipient of the labor, services, or tangible personal property, and a
6 transit agency, as defined in RCW 81.104.015, performs the labor or
7 services.

8 (14) The term does not include the sale for resale of any service
9 described in this section if the sale would otherwise constitute a
10 "sale at retail" and "retail sale" under this section.

11 **Sec. 206.** RCW 82.04.062 and 1985 c 471 s 5 are each amended to
12 read as follows:

13 (1) Until July 1, 2021, for purposes of this chapter, "wholesale
14 sale," "sale at wholesale," "retail sale," and "sale at retail" do not
15 include the sale of precious metal bullion or monetized bullion.

16 (2) Until July 1, 2021, in computing tax under this chapter on the
17 business of making sales of precious metal bullion or monetized
18 bullion, the tax (~~(shall be)~~) is imposed on the amounts received as
19 commissions upon transactions for the accounts of customers over and
20 above the amount paid to other dealers associated in such transactions,
21 but no deduction or offset is allowed on account of salaries or
22 commissions paid to salesmen or other employees.

23 (3) For purposes of this section, "precious metal bullion" means
24 any precious metal which has been put through a process of smelting or
25 refining, including, but not limited to, gold, silver, platinum,
26 rhodium, and palladium, and which is in such state or condition that
27 its value depends upon its contents and not upon its form. For
28 purposes of this section, "monetized bullion" means coins or other
29 forms of money manufactured from gold, silver, or other metals and
30 heretofore, now, or hereafter used as a medium of exchange under the
31 laws of this state, the United States, or any foreign nation, but does
32 not include coins or money sold to be manufactured into jewelry or
33 works of art.

34 **Sec. 207.** RCW 82.08.010 and 2010 c 106 s 210 are each amended to
35 read as follows:

36 For the purposes of this chapter:

1 (1)(a) "Selling price" includes "sales price." "Sales price" means
2 the total amount of consideration, (~~(except separately stated trade-in~~
3 ~~property of like kind,))~~ including cash, credit, property, and
4 services, for which tangible personal property, extended warranties,
5 digital goods, digital codes, digital automated services, or other
6 services or anything else defined as a "retail sale" under RCW
7 82.04.050 are sold, leased, or rented, valued in money, whether
8 received in money or otherwise. No deduction from the total amount of
9 consideration is allowed for the following: (i) The seller's cost of
10 the property sold; (ii) the cost of materials used, labor or service
11 cost, interest, losses, all costs of transportation to the seller, all
12 taxes imposed on the seller, and any other expense of the seller; (iii)
13 charges by the seller for any services necessary to complete the sale,
14 other than delivery and installation charges; (iv) delivery charges;
15 and (v) installation charges.

16 When tangible personal property is rented or leased under
17 circumstances that the consideration paid does not represent a
18 reasonable rental for the use of the articles so rented or leased, the
19 "selling price" shall be determined as nearly as possible according to
20 the value of such use at the places of use of similar products of like
21 quality and character under such rules as the department may prescribe;

22 (b) "Selling price" or "sales price" does not include: Discounts,
23 including cash, term, or coupons that are not reimbursed by a third
24 party that are allowed by a seller and taken by a purchaser on a sale;
25 interest, financing, and carrying charges from credit extended on the
26 sale of tangible personal property, extended warranties, digital goods,
27 digital codes, digital automated services, or other services or
28 anything else defined as a retail sale in RCW 82.04.050, if the amount
29 is separately stated on the invoice, bill of sale, or similar document
30 given to the purchaser; and any taxes legally imposed directly on the
31 consumer that are separately stated on the invoice, bill of sale, or
32 similar document given to the purchaser;

33 (c) "Selling price" or "sales price" includes consideration
34 received by the seller from a third party if:

35 (i) The seller actually receives consideration from a party other
36 than the purchaser, and the consideration is directly related to a
37 price reduction or discount on the sale;

1 (ii) The seller has an obligation to pass the price reduction or
2 discount through to the purchaser;

3 (iii) The amount of the consideration attributable to the sale is
4 fixed and determinable by the seller at the time of the sale of the
5 item to the purchaser; and

6 (iv) One of the criteria in this subsection (1)(c)(iv) is met:

7 (A) The purchaser presents a coupon, certificate, or other
8 documentation to the seller to claim a price reduction or discount
9 where the coupon, certificate, or documentation is authorized,
10 distributed, or granted by a third party with the understanding that
11 the third party will reimburse any seller to whom the coupon,
12 certificate, or documentation is presented;

13 (B) The purchaser identifies himself or herself to the seller as a
14 member of a group or organization entitled to a price reduction or
15 discount, however a "preferred customer" card that is available to any
16 patron does not constitute membership in such a group; or

17 (C) The price reduction or discount is identified as a third party
18 price reduction or discount on the invoice received by the purchaser or
19 on a coupon, certificate, or other documentation presented by the
20 purchaser;

21 (d) Until July 1, 2021, "selling price" or "sales price" does not
22 include separately stated trade-in property of like kind;

23 (2)(a) "Seller" means every person, including the state and its
24 departments and institutions, making sales at retail or retail sales to
25 a buyer, purchaser, or consumer, whether as agent, broker, or
26 principal, except "seller" does not mean:

27 (i) The state and its departments and institutions when making
28 sales to the state and its departments and institutions; or

29 (ii) A professional employer organization when a covered employee
30 coemployed with the client under the terms of a professional employer
31 agreement engages in activities that constitute a sale at retail that
32 is subject to the tax imposed by this chapter. In such cases, the
33 client, and not the professional employer organization, is deemed to be
34 the seller and is responsible for collecting and remitting the tax
35 imposed by this chapter.

36 (b) For the purposes of (a) of this subsection, the terms "client,"
37 "covered employee," "professional employer agreement," and

1 "professional employer organization" have the same meanings as in RCW
2 82.04.540;

3 (3) "Buyer," "purchaser," and "consumer" include, without limiting
4 the scope hereof, every individual, receiver, assignee, trustee in
5 bankruptcy, trust, estate, firm, copartnership, joint venture, club,
6 company, joint stock company, business trust, corporation, association,
7 society, or any group of individuals acting as a unit, whether mutual,
8 cooperative, fraternal, nonprofit, or otherwise, municipal corporation,
9 quasi municipal corporation, and also the state, its departments and
10 institutions and all political subdivisions thereof, irrespective of
11 the nature of the activities engaged in or functions performed, and
12 also the United States or any instrumentality thereof;

13 (4) "Delivery charges" means charges by the seller of personal
14 property or services for preparation and delivery to a location
15 designated by the purchaser of personal property or services including,
16 but not limited to, transportation, shipping, postage, handling,
17 crating, and packing;

18 (5) "Direct mail" means printed material delivered or distributed
19 by United States mail or other delivery service to a mass audience or
20 to addressees on a mailing list provided by the purchaser or at the
21 direction of the purchaser when the cost of the items are not billed
22 directly to the recipients. "Direct mail" includes tangible personal
23 property supplied directly or indirectly by the purchaser to the direct
24 mail seller for inclusion in the package containing the printed
25 material. "Direct mail" does not include multiple items of printed
26 material delivered to a single address;

27 (6) The meaning attributed in chapter 82.04 RCW to the terms "tax
28 year," "taxable year," "person," "company," "sale," "sale at
29 wholesale," "wholesale," "business," "engaging in business," "cash
30 discount," "successor," "consumer," "in this state" and "within this
31 state" applies equally to the provisions of this chapter;

32 (7) For the purposes of the taxes imposed under this chapter and
33 under chapter 82.12 RCW, "tangible personal property" means personal
34 property that can be seen, weighed, measured, felt, or touched, or that
35 is in any other manner perceptible to the senses. Tangible personal
36 property includes electricity, water, gas, steam, and prewritten
37 computer software;

1 (8) "Extended warranty" has the same meaning as in RCW
2 82.04.050(7);

3 (9) The definitions in RCW 82.04.192 apply to this chapter;

4 (10) For the purposes of the taxes imposed under this chapter and
5 chapter 82.12 RCW, whenever the terms "property" or "personal property"
6 are used, those terms must be construed to include digital goods and
7 digital codes unless:

8 (a) It is clear from the context that the term "personal property"
9 is intended only to refer to tangible personal property;

10 (b) It is clear from the context that the term "property" is
11 intended only to refer to tangible personal property, real property, or
12 both; or

13 (c) To construe the term "property" or "personal property" as
14 including digital goods and digital codes would yield unlikely, absurd,
15 or strained consequences; and

16 (11) "Retail sale" or "sale at retail" means any sale, lease, or
17 rental for any purpose other than for resale, sublease, or subrent.

18 **Sec. 208.** RCW 82.12.010 and 2010 c 127 s 4 are each reenacted and
19 amended to read as follows:

20 For the purposes of this chapter:

21 (1) The meaning ascribed to words and phrases in chapters 82.04 and
22 82.08 RCW, insofar as applicable, has full force and effect with
23 respect to taxes imposed under the provisions of this chapter.
24 "Consumer," in addition to the meaning ascribed to it in chapters 82.04
25 and 82.08 RCW insofar as applicable, also means any person who
26 distributes or displays, or causes to be distributed or displayed, any
27 article of tangible personal property, except newspapers, the primary
28 purpose of which is to promote the sale of products or services. With
29 respect to property distributed to persons within this state by a
30 consumer as defined in this subsection (1), the use of the property is
31 deemed to be by such consumer.

32 (2) "Extended warranty" has the same meaning as in RCW
33 82.04.050(7).

34 (3) "Purchase price" means the same as sales price as defined in
35 RCW 82.08.010.

36 (4)(a)(i) Except as provided in (a)(ii) of this subsection (4),
37 "retailer" means every seller as defined in RCW 82.08.010 and every

1 person engaged in the business of selling tangible personal property at
2 retail and every person required to collect from purchasers the tax
3 imposed under this chapter.

4 (ii) "Retailer" does not include a professional employer
5 organization when a covered employee coemployed with the client under
6 the terms of a professional employer agreement engages in activities
7 that constitute a sale of tangible personal property, extended
8 warranty, digital good, digital code, or a sale of any digital
9 automated service or service defined as a retail sale in RCW 82.04.050
10 (2)(a) or (g), (3)(a), or (6)(b) that is subject to the tax imposed by
11 this chapter. In such cases, the client, and not the professional
12 employer organization, is deemed to be the retailer and is responsible
13 for collecting and remitting the tax imposed by this chapter.

14 (b) For the purposes of (a) of this subsection, the terms "client,"
15 "covered employee," "professional employer agreement," and
16 "professional employer organization" have the same meanings as in RCW
17 82.04.540.

18 (5) "Taxpayer" and "purchaser" include all persons included within
19 the meaning of the word "buyer" and the word "consumer" as defined in
20 chapters 82.04 and 82.08 RCW.

21 (6) "Use," "used," "using," or "put to use" have their ordinary
22 meaning, and mean:

23 (a) With respect to tangible personal property, except for natural
24 gas and manufactured gas, the first act within this state by which the
25 taxpayer takes or assumes dominion or control over the article of
26 tangible personal property (as a consumer), and include installation,
27 storage, withdrawal from storage, distribution, or any other act
28 preparatory to subsequent actual use or consumption within this state;

29 (b) With respect to a service defined in RCW 82.04.050(2)(a), the
30 first act within this state after the service has been performed by
31 which the taxpayer takes or assumes dominion or control over the
32 article of tangible personal property upon which the service was
33 performed (as a consumer), and includes installation, storage,
34 withdrawal from storage, distribution, or any other act preparatory to
35 subsequent actual use or consumption of the article within this state;

36 (c) With respect to an extended warranty, the first act within this
37 state after the extended warranty has been acquired by which the
38 taxpayer takes or assumes dominion or control over the article of

1 tangible personal property to which the extended warranty applies, and
2 includes installation, storage, withdrawal from storage, distribution,
3 or any other act preparatory to subsequent actual use or consumption of
4 the article within this state;

5 (d) With respect to a digital good or digital code, the first act
6 within this state by which the taxpayer, as a consumer, views,
7 accesses, downloads, possesses, stores, opens, manipulates, or
8 otherwise uses or enjoys the digital good or digital code;

9 (e) With respect to a digital automated service, the first act
10 within this state by which the taxpayer, as a consumer, uses, enjoys,
11 or otherwise receives the benefit of the service;

12 (f) With respect to a service defined as a retail sale in RCW
13 82.04.050(6)(b), the first act within this state by which the taxpayer,
14 as a consumer, accesses the prewritten computer software;

15 (g) With respect to a service defined as a retail sale in RCW
16 82.04.050(2)(g), the first act within this state after the service has
17 been performed by which the taxpayer, as a consumer, views, accesses,
18 downloads, possesses, stores, opens, manipulates, or otherwise uses or
19 enjoys the digital good upon which the service was performed; and

20 (h) With respect to natural gas or manufactured gas, the use of
21 which is taxable under RCW 82.12.022, including gas that is also
22 taxable under the authority of RCW 82.14.230, the first act within this
23 state by which the taxpayer consumes the gas by burning the gas or
24 storing the gas in the taxpayer's own facilities for later consumption
25 by the taxpayer.

26 (7)(a) "Value of the article used" is the purchase price for the
27 article of tangible personal property, the use of which is taxable
28 under this chapter. The term also includes, in addition to the
29 purchase price, the amount of any tariff or duty paid with respect to
30 the importation of the article used. In case the article used is
31 acquired by lease or by gift or is extracted, produced, or manufactured
32 by the person using the same or is sold under conditions wherein the
33 purchase price does not represent the true value thereof, the value of
34 the article used is determined as nearly as possible according to the
35 retail selling price at place of use of similar products of like
36 quality and character under such rules as the department may prescribe.

37 (b) In case the articles used are acquired by bailment, the value
38 of the use of the articles so used must be in an amount representing a

1 reasonable rental for the use of the articles so bailed, determined as
2 nearly as possible according to the value of such use at the places of
3 use of similar products of like quality and character under such rules
4 as the department of revenue may prescribe. In case any such articles
5 of tangible personal property are used in respect to the construction,
6 repairing, decorating, or improving of, and which become or are to
7 become an ingredient or component of, new or existing buildings or
8 other structures under, upon, or above real property of or for the
9 United States, any instrumentality thereof, or a county or city housing
10 authority created pursuant to chapter 35.82 RCW, including the
11 installing or attaching of any such articles therein or thereto,
12 whether or not such personal property becomes a part of the realty by
13 virtue of installation, then the value of the use of such articles so
14 used is determined according to the retail selling price of such
15 articles, or in the absence of such a selling price, as nearly as
16 possible according to the retail selling price at place of use of
17 similar products of like quality and character or, in the absence of
18 either of these selling price measures, such value may be determined
19 upon a cost basis, in any event under such rules as the department of
20 revenue may prescribe.

21 (c) Until July 1, 2021, in the case of articles owned by a user
22 engaged in business outside the state which are brought into the state
23 for no more than one hundred eighty days in any period of three hundred
24 sixty-five consecutive days and which are temporarily used for business
25 purposes by the person in this state, the value of the article used
26 must be an amount representing a reasonable rental for the use of the
27 articles, unless the person has paid tax under this chapter or chapter
28 82.08 RCW upon the full value of the article used, as defined in (a) of
29 this subsection.

30 (d) In the case of articles manufactured or produced by the user
31 and used in the manufacture or production of products sold or to be
32 sold to the department of defense of the United States, the value of
33 the articles used is determined according to the value of the
34 ingredients of such articles.

35 (e) In the case of an article manufactured or produced for purposes
36 of serving as a prototype for the development of a new or improved
37 product, the value of the article used is determined by: (i) The
38 retail selling price of such new or improved product when first offered

1 for sale; or (ii) the value of materials incorporated into the
2 prototype in cases in which the new or improved product is not offered
3 for sale.

4 (f) In the case of an article purchased with a direct pay permit
5 under RCW 82.32.087, the value of the article used is determined by the
6 purchase price of such article if, but for the use of the direct pay
7 permit, the transaction would have been subject to sales tax.

8 (8) "Value of the digital good or digital code used" means the
9 purchase price for the digital good or digital code, the use of which
10 is taxable under this chapter. If the digital good or digital code is
11 acquired other than by purchase, the value of the digital good or
12 digital code must be determined as nearly as possible according to the
13 retail selling price at place of use of similar digital goods or
14 digital codes of like quality and character under rules the department
15 may prescribe.

16 (9) "Value of the extended warranty used" means the purchase price
17 for the extended warranty, the use of which is taxable under this
18 chapter. If the extended warranty is received by gift or under
19 conditions wherein the purchase price does not represent the true value
20 of the extended warranty, the value of the extended warranty used is
21 determined as nearly as possible according to the retail selling price
22 at place of use of similar extended warranties of like quality and
23 character under rules the department may prescribe.

24 (10) "Value of the service used" means the purchase price for the
25 digital automated service or other service, the use of which is taxable
26 under this chapter. If the service is received by gift or under
27 conditions wherein the purchase price does not represent the true value
28 thereof, the value of the service used is determined as nearly as
29 possible according to the retail selling price at place of use of
30 similar services of like quality and character under rules the
31 department may prescribe.

32 **Sec. 209.** RCW 82.66.020 and 1995 c 352 s 2 are each amended to
33 read as follows:

34 Application for deferral of taxes under this chapter (~~shall~~) must
35 be made to the department in a form and manner prescribed by the
36 department. The application (~~shall~~) must contain information
37 regarding the location of the investment project, estimated or actual

1 costs, time schedules for completion and operation, and other
2 information required by the department. The department (~~shall~~) must
3 rule on the application within sixty days. The department may not
4 accept applications for deferral of taxes under this chapter on or
5 after July 1, 2021.

6 **PART III**

7 **Repealing Business and Occupation Tax Exemptions,**
8 **Credits, Deductions, and Preferential Tax Rates**

9 NEW SECTION. **Sec. 301.** The following acts or parts of acts, as
10 now existing or hereafter amended, are each repealed, effective July 1,
11 2019:

12 (1) RCW 82.04.339 (Exemptions--Day care provided by churches) and
13 1992 c 81 s 1;

14 (2) RCW 82.04.3395 (Exemptions--Child care resource and referral
15 services by nonprofit organizations) and 1995 2nd sp.s. c 11 s 3;

16 (3) RCW 82.04.363 (Exemptions--Camp or conference center--Items
17 sold or furnished by nonprofit organization) and 2009 c 535 s 409 &
18 1997 c 388 s 1;

19 (4) RCW 82.04.3651 (Exemptions--Amounts received by nonprofit
20 organizations for fund-raising activities) and 2010 c 106 s 208, 1999
21 c 358 s 3, & 1998 c 336 s 2;

22 (5) RCW 82.04.367 (Exemptions--Nonprofit organizations that are
23 guarantee agencies, issue debt, or provide guarantees for student
24 loans) and 1998 c 324 s 1 & 1987 c 433 s 1;

25 (6) RCW 82.04.368 (Exemptions--Nonprofit organizations--Credit and
26 debt services) and 1993 c 390 s 1;

27 (7) RCW 82.04.380 (Exemptions--Certain corporations furnishing aid
28 and relief) and 1961 c 15 s 82.04.380;

29 (8) RCW 82.04.385 (Exemptions--Operation of sheltered workshops)
30 and 1988 c 176 s 915, 1988 c 13 s 1, 1972 ex.s. c 134 s 1, & 1970 ex.s.
31 c 81 s 3;

32 (9) RCW 82.04.395 (Exemptions--Certain materials printed in school
33 district and educational service district printing facilities) and 1979
34 ex.s. c 196 s 12;

35 (10) RCW 82.04.397 (Exemptions--Certain materials printed in
36 county, city, or town printing facilities) and 1979 ex.s. c 196 s 14;

1 (11) RCW 82.04.399 (Exemptions--Sales of academic transcripts) and
2 1996 c 272 s 1;

3 (12) RCW 82.04.408 (Exemptions--Housing finance commission) and
4 1983 c 161 s 25;

5 (13) RCW 82.04.415 (Exemptions--Sand, gravel and rock taken from
6 county or city pits or quarries, processing and handling costs) and
7 1965 ex.s. c 173 s 10;

8 (14) RCW 82.04.418 (Exemptions--Grants by United States government
9 to municipal corporations or political subdivisions) and 1983 1st ex.s.
10 c 66 s 2;

11 (15) RCW 82.04.419 (Exemptions--County, city, town, school
12 district, or fire district activity) and 1983 1st ex.s. c 66 s 3;

13 (16) RCW 82.04.4201 (Exemptions--Sales/leasebacks by regional
14 transit authorities) and 2000 2nd sp.s. c 4 s 24;

15 (17) RCW 82.04.4251 (Exemptions--Convention and tourism promotion)
16 and 2006 c 310 s 1;

17 (18) RCW 82.04.4291 (Deductions--Compensation received by a
18 political subdivision from another political subdivision for services
19 taxable under RCW 82.04.290) and 1980 c 37 s 11;

20 (19) RCW 82.04.4322 (Deductions--Artistic or cultural
21 organization--Compensation from United States, state, etc., for
22 artistic or cultural exhibitions, performances, or programs) and 1981
23 c 140 s 1;

24 (20) RCW 82.04.4324 (Deductions--Artistic or cultural
25 organization--Deduction for tax under RCW 82.04.240--Value of articles
26 for use in displaying art objects or presenting artistic or cultural
27 exhibitions, performances, or programs) and 1981 c 140 s 2;

28 (21) RCW 82.04.4326 (Deductions--Artistic or cultural
29 organizations--Tuition charges for attending artistic or cultural
30 education programs) and 1981 c 140 s 3;

31 (22) RCW 82.04.4327 (Deductions--Artistic and cultural
32 organizations--Income from business activities) and 1985 c 471 s 6;

33 (23) RCW 82.04.434 (Credit--Public safety standards and testing)
34 and 1991 c 13 s 1;

35 (24) RCW 82.04.600 (Exemptions--Materials printed in county, city,
36 town, school district, educational service district, library or library
37 district) and 1979 ex.s. c 266 s 8;

1 (25) RCW 82.04.615 (Exemptions--Certain limited purpose public
2 corporations, commissions, and authorities) and 2007 c 381 s 1;

3 (26) RCW 82.04.335 (Exemptions--Agricultural fairs) and 1965 ex.s.
4 c 145 s 1;

5 (27) RCW 82.04.338 (Exemptions--Hop commodity commission or hop
6 commodity board business) and 1998 c 200 s 1;

7 (28) RCW 82.04.4271 (Deductions--Membership fees and certain
8 service fees by nonprofit youth organization) and 1981 c 74 s 1;

9 (29) RCW 82.04.640 (Exemptions--Washington vaccine association--
10 Certain assessments received) and 2010 c 174 s 16;

11 (30) RCW 82.04.4275 (Deductions--Child welfare services) and 2011
12 c 163 s 1;

13 (31) RCW 82.04.655 (Exemptions--Joint municipal utility services
14 authorities) and 2011 c 258 s 11; and

15 (32) RCW 82.04.4274 (Deductions--Nonprofit management companies--
16 Personnel performing on-site functions) and 2011 1st sp.s. c 26 s 1.

17 NEW SECTION. **Sec. 302.** The following acts or parts of acts, as
18 now existing or hereafter amended, are each repealed, effective July 1,
19 2021:

20 (1) RCW 82.04.2907 (Tax on royalties) and 2010 1st sp.s. c 23 s
21 107, 2010 c 111 s 302, 2009 c 535 s 407, 2001 c 320 s 3, & 1998 c 331
22 s 1;

23 (2) RCW 82.04.298 (Tax on qualified grocery distribution
24 cooperatives) and 2011 c 2 s 204 (Initiative Measure No. 1107), 2010
25 1st sp.s. c 23 s 511, 2008 c 49 s 1, & 2001 1st sp.s. c 9 s 1;

26 (3) RCW 82.04.315 (Exemptions--International banking facilities)
27 and 1982 c 95 s 7;

28 (4) RCW 82.04.317 (Exemptions--Motor vehicle sales by manufacturers
29 at wholesale auctions to dealers) and 1997 c 4 s 1;

30 (5) RCW 82.04.331 (Exemptions--Wholesale sales to farmers of seed
31 for planting, conditioning seed for planting owned by others) and 1998
32 c 170 s 2;

33 (6) RCW 82.04.332 (Exemptions--Buying and selling at wholesale
34 unprocessed milk, wheat, oats, dry peas, dry beans, lentils, triticale,
35 canola, corn, rye, and barley) and 2007 c 131 s 1 & 1998 c 312 s 2;

36 (7) RCW 82.04.333 (Exemptions--Small harvesters) and 2011 c 101 s
37 4, 2007 c 48 s 5, & 1990 c 141 s 1;

1 (8) RCW 82.04.334 (Exemptions--Standing timber) and 2010 1st sp.s.
2 c 23 s 512 & 2007 c 48 s 3;
3 (9) RCW 82.04.337 (Exemptions--Amounts received by hop growers or
4 dealers for processed hops shipped outside the state) and 1987 c 495 s
5 1;
6 (10) RCW 82.04.392 (Exemptions--Mortgage brokers' third-party
7 provider services trust accounts) and 1998 c 311 s 3 & 1997 c 106 s 21;
8 (11) RCW 82.04.416 (Exemptions--Operation of state route No. 16)
9 and 1998 c 179 s 3;
10 (12) RCW 82.04.421 (Exemptions--Out-of-state membership sales in
11 discount programs) and 1997 c 408 s 1;
12 (13) RCW 82.04.422 (Exemptions--Wholesale sales of motor vehicles)
13 and 2004 c 81 s 1 & 2001 c 258 s 1;
14 (14) RCW 82.04.425 (Exemptions--Accommodation sales) and 1980 c 37
15 s 78, 1965 ex.s. c 173 s 9, & 1961 c 15 s 82.04.425;
16 (15) RCW 82.04.4261 (Exemptions--Federal small business innovation
17 research program) and 2004 c 2 s 9;
18 (16) RCW 82.04.4262 (Exemptions--Federal small business technology
19 transfer program) and 2004 c 2 s 10;
20 (17) RCW 82.04.4267 (Exemptions--Operation of parking/business
21 improvement areas) and 2005 c 476 s 1;
22 (18) RCW 82.04.4294 (Deductions--Interest on loans to farmers and
23 ranchers, producers or harvesters of aquatic products, or their
24 cooperatives) and 1980 c 37 s 14;
25 (19) RCW 82.04.4295 (Deductions--Manufacturing activities completed
26 outside the United States) and 1980 c 37 s 15;
27 (20) RCW 82.04.4296 (Deductions--Reimbursement for accommodation
28 expenditures by funeral homes) and 1980 c 37 s 16;
29 (21) RCW 82.04.433 (Deductions--Sales of fuel for consumption
30 outside United States' waters by vessels in foreign commerce) and 2009
31 c 494 s 2 & 1985 c 471 s 16;
32 (22) RCW 82.04.4333 (Credit--Job training services--Approval) and
33 1996 c 1 s 4;
34 (23) RCW 82.04.4339 (Deductions--Grants to support salmon
35 restoration) and 2004 c 241 s 1;
36 (24) RCW 82.04.4451 (Credit against tax due--Maximum credit--Table)
37 and 2010 1st sp.s. c 23 s 1102, 1997 c 238 s 2, & 1994 sp.s. c 2 s 1;

- 1 (25) RCW 82.04.447 (Credit--Natural or manufactured gas purchased
2 by direct service industrial customers--Reports) and 2001 c 214 s 9;
3 (26) RCW 82.04.4482 (Credit--Sales of electricity or gas to an
4 aluminum smelter) and 2004 c 24 s 9;
5 (27) RCW 82.04.4486 (Credit--Syrup taxes paid by buyer) and 2006 c
6 245 s 1;
7 (28) RCW 82.04.601 (Exemptions--Affixing stamp services for
8 cigarette sales) and 2007 c 221 s 5;
9 (29) RCW 82.62.030 (Allowance of tax credits--Limitations) and 2007
10 c 485 s 3, 2001 c 320 s 13, 1999 c 164 s 306, 1997 c 366 s 5, 1996 c 1
11 s 3, & 1986 c 116 s 17;
12 (30) RCW 82.04.2403 (Manufacturer tax not applicable to cleaning
13 fish) and 1994 c 167 s 1;
14 (31) RCW 82.04.424 (Exemptions--Certain in-state activities) and
15 2003 c 76 s 2;
16 (32) RCW 82.04.4272 (Deductions--Direct mail delivery charges) and
17 2005 c 514 s 114;
18 (33) RCW 82.04.43391 (Deductions--Commercial aircraft loan interest
19 and fees) and 2010 1st sp.s. c 23 s 112;
20 (34) RCW 82.04.645 (Exemptions--Financial institutions--Amounts
21 received from certain affiliated persons) and 2011 c 174 s 102 & 2010
22 1st sp.s. c 23 s 110;
23 (35) RCW 82.04.650 (Exemptions--Investment conduits and
24 securitization entities) and 2010 1st sp.s. c 23 s 111;
25 (36) RCW 82.04.263 (Tax on cleaning up radioactive waste and other
26 by-products of weapons production and nuclear research and development)
27 and 2009 c 469 s 202 & 1996 c 112 s 3;
28 (37) RCW 82.04.750 (Exemptions--Restaurant employee meals) and 2011
29 c 55 s 1; and
30 (38) RCW 82.04.627 (Exemptions--Commercial airplane parts) and 2008
31 c 81 s 15.

32 NEW SECTION. **Sec. 303.** The following acts or parts of acts, as
33 now existing or hereafter amended, are each repealed, effective July 1,
34 2023:

35 RCW 82.04.2905 (Tax on providing day care) and 1998 c 312 s 7.

1 NEW SECTION. **Sec. 304.** The following acts or parts of acts, as
2 now existing or hereafter amended, are each repealed, effective July 1,
3 2025:

4 (1) RCW 82.04.272 (Tax on warehousing and reselling prescription
5 drugs) and 2003 c 168 s 401 & 1998 c 343 s 1;

6 (2) RCW 82.04.2906 (Tax on certain chemical dependency services)
7 and 2003 c 343 s 1;

8 (3) RCW 82.04.2908 (Tax on provision of room and domiciliary care
9 to boarding home residents) and 2005 c 514 s 302 & 2004 c 174 s 1;

10 (4) RCW 82.04.324 (Exemptions--Qualifying blood, tissue, or blood
11 and tissue banks) and 2004 c 82 s 1 & 1995 2nd sp.s. c 9 s 3;

12 (5) RCW 82.04.326 (Exemptions--Qualified organ procurement
13 organizations) and 2002 c 113 s 1;

14 (6) RCW 82.04.327 (Exemptions--Adult family homes) and 1987 1st
15 ex.s. c 4 s 1;

16 (7) RCW 82.04.355 (Exemptions--Ride sharing) and 1999 c 358 s 8 &
17 1979 c 111 s 17;

18 (8) RCW 82.04.4263 (Exemptions--Income received by the life
19 sciences discovery fund authority) and 2005 c 424 s 11;

20 (9) RCW 82.04.4264 (Exemptions--Nonprofit boarding homes--Room and
21 domiciliary care) and 2005 c 514 s 301;

22 (10) RCW 82.04.4265 (Exemptions--Comprehensive cancer centers) and
23 2005 c 514 s 401;

24 (11) RCW 82.04.4297 (Deductions--Compensation from public entities
25 for health or social welfare services--Exception) and 2011 1st sp.s. c
26 19 s 2, 2002 c 314 s 3, 2001 2nd sp.s. c 23 s 2, 1988 c 67 s 1, & 1980
27 c 37 s 17;

28 (12) RCW 82.04.4311 (Deductions--Compensation received under the
29 federal medicare program by certain hospitals or health centers) and
30 2005 c 86 s 1 & 2002 c 314 s 2;

31 (13) RCW 82.04.4337 (Deductions--Certain amounts received by
32 boarding homes) and 2004 c 174 s 7;

33 (14) RCW 82.04.620 (Exemptions--Certain prescription drugs) and
34 2007 c 447 s 1; and

35 (15) RCW 82.04.635 (Exemptions--Nonprofits providing legal services
36 to low-income persons) and 2009 c 508 s 1.

1 **Sec. 305.** RCW 82.04.110 and 2009 c 535 s 405 are each amended to
2 read as follows:

3 (1) Except as otherwise provided in this section, "manufacturer"
4 means every person who, either directly or by contracting with others
5 for the necessary labor or mechanical services, manufactures for sale
6 or for commercial or industrial use from his or her own materials or
7 ingredients any articles, substances, or commodities.

8 (2)(a) When the owner of equipment or facilities furnishes, or
9 sells to the customer prior to manufacture, all or a portion of the
10 materials that become a part or whole of the manufactured article, the
11 department (~~shall~~) must prescribe equitable rules for determining tax
12 liability.

13 (b) Until July 1, 2021, a person who produces aluminum master
14 alloys is a processor for hire rather than a manufacturer, regardless
15 of the portion of the aluminum provided by that person's customer. For
16 the purposes of this subsection (2)(b), "aluminum master alloy" means
17 an alloy registered with the aluminum association as a grain refiner or
18 a hardener alloy using the American national standards institute
19 designating system H35.3.

20 (3) A nonresident of this state who is the owner of materials
21 processed for it in this state by a processor for hire (~~shall~~) may
22 not be deemed to be engaged in business in this state as a manufacturer
23 because of the performance of such processing work for it in this
24 state.

25 (4) The owner of materials from which a nuclear fuel assembly is
26 made for it by a processor for hire (~~shall~~) is not be subject to tax
27 under this chapter as a manufacturer of the fuel assembly.

28 (5) For purposes of this section, the terms "articles,"
29 "substances," "materials," "ingredients," and "commodities" do not
30 include digital goods.

31 **Sec. 306.** RCW 82.04.120 and 2011 c 23 s 3 are each amended to read
32 as follows:

33 (1) "To manufacture" embraces all activities of a commercial or
34 industrial nature wherein labor or skill is applied, by hand or
35 machinery, to materials so that as a result thereof a new, different or
36 useful substance or article of tangible personal property is produced
37 for sale or commercial or industrial use, and includes:

1 (a) The production or fabrication of special made or custom made
2 articles;

3 (b) The production or fabrication of dental appliances, devices,
4 restorations, substitutes, or other dental laboratory products by a
5 dental laboratory or dental technician;

6 (c) Cutting, delimiting, and measuring of felled, cut, or taken
7 trees; and

8 (d) Crushing and/or blending of rock, sand, stone, gravel, or ore.

9 (2) "To manufacture" does not include:

10 (a) Conditioning of seed for use in planting; cubing hay or
11 alfalfa;

12 (b) Activities which consist of cutting, grading, or ice glazing
13 seafood which has been cooked, frozen, or canned outside this state;

14 (c) The growing, harvesting, or producing of agricultural products;

15 (d) Packing of agricultural products, including sorting, washing,
16 rinsing, grading, waxing, treating with fungicide, packaging, chilling,
17 or placing in controlled atmospheric storage;

18 (e) The production of digital goods;

19 (f) The production of computer software if the computer software is
20 delivered from the seller to the purchaser by means other than tangible
21 storage media, including the delivery by use of a tangible storage
22 media where the tangible storage media is not physically transferred to
23 the purchaser; and

24 (g) Any activity that is integral to any public service business as
25 defined in RCW 82.16.010 and with respect to which the gross income
26 associated with such activity: (i) Is subject to tax under chapter
27 82.16 RCW; or (ii) would be subject to tax under chapter 82.16 RCW if
28 such activity were conducted in this state or if not for an exemption
29 or deduction.

30 (3) Until July 1, 2021, with respect to wastewater treatment
31 facilities:

32 (a) "To manufacture" does not include the treatment of wastewater,
33 the production of reclaimed water, and the production of class B
34 biosolids; and

35 (b) "To manufacture" does include the production of class A or
36 exceptional quality biosolids, but only with respect to the processing
37 activities that occur after the biosolids have reached class B
38 standards.

1 **Sec. 307.** RCW 82.04.250 and 2010 1st sp.s. c 23 s 509 and 2010 1st
2 sp.s. c 23 s 508 are each reenacted and amended to read as follows:

3 (1) Upon every person engaging within this state in the business of
4 making sales at retail, except persons taxable as retailers under other
5 provisions of this chapter, as to such persons, the amount of tax with
6 respect to such business is equal to the gross proceeds of sales of the
7 business, multiplied by the rate of 0.471 percent until July 1, 2021,
8 and 0.484 percent thereafter.

9 (2) Upon every person engaging within this state in the business of
10 making sales at retail that are exempt from the tax imposed under
11 chapter 82.08 RCW by reason of RCW 82.08.0261, 82.08.0262, or
12 82.08.0263, except persons taxable under RCW 82.04.260(~~((+10+))~~) (11) or
13 subsection (3) of this section, as to such persons, the amount of tax
14 with respect to such business is equal to the gross proceeds of sales
15 of the business, multiplied by the rate of 0.484 percent.

16 (3) Until July 1, 2024, upon every person classified by the federal
17 aviation administration as a federal aviation regulation part 145
18 certificated repair station and that is engaging within this state in
19 the business of making sales at retail that are exempt from the tax
20 imposed under chapter 82.08 RCW by reason of RCW 82.08.0261,
21 82.08.0262, or 82.08.0263, as to such persons, the amount of tax with
22 respect to such business is equal to the gross proceeds of sales of the
23 business, multiplied by the rate of .2904 percent.

24 **Sec. 308.** RCW 82.04.257 and 2010 c 111 s 301 are each amended to
25 read as follows:

26 (1) Except as provided in subsection (2) of this section, upon
27 every person engaging within this state in the business of making sales
28 at retail or wholesale of digital goods, digital codes, digital
29 automated services, or services described in RCW 82.04.050 (2)(g) or
30 (6)(b), as to such persons, the amount of tax with respect to such
31 business is equal to the gross proceeds of sales of the business,
32 multiplied by the rate of 0.471 percent in the case of retail sales and
33 by the rate of 0.484 percent in the case of wholesale sales. Beginning
34 July 1, 2021, in the case of retail sales, the rate is 0.484 percent.

35 (2) Persons providing subscription television services or
36 subscription radio services are subject to tax under RCW 82.04.290(2)

1 on the gross income of the business received from providing such
2 services.

3 (3) For purposes of this section, a person is considered to be
4 engaging within this state in the business of making sales of digital
5 goods, digital codes, digital automated services, or services described
6 in RCW 82.04.050 (2)(g) or (6)(b), if the person makes sales of digital
7 goods, digital codes, digital automated services, or services described
8 in RCW 82.04.050 (2)(g) or (6)(b) and the sales are sourced to this
9 state under RCW 82.32.730 for sales tax purposes or would have been
10 sourced to this state under RCW 82.32.730 if the sale had been taxable
11 under chapter 82.08 RCW.

12 (4) A person subject to tax under this section is subject to the
13 mandatory electronic filing and payment requirements in RCW 82.32.080.

14 **Sec. 309.** RCW 82.04.260 and 2011 c 2 s 203 (Initiative Measure No.
15 1107) are each amended to read as follows:

16 (1) Until July 1, 2017, upon every person engaging within this
17 state in the business of manufacturing:

18 (a) Wheat into flour, barley into pearl barley, soybeans into
19 soybean oil, canola into canola oil, canola meal, or canola by-
20 products, or sunflower seeds into sunflower oil; as to such persons the
21 amount of tax with respect to such business is equal to the value of
22 the flour, pearl barley, oil, canola meal, or canola by-product
23 manufactured, multiplied by the rate of 0.138 percent;

24 (b) Beginning July 1, 2012, and through June 30, 2017, seafood
25 products that remain in a raw, raw frozen, or raw salted state at the
26 completion of the manufacturing by that person; or selling manufactured
27 seafood products that remain in a raw, raw frozen, or raw salted state
28 at the completion of the manufacturing, to purchasers who transport in
29 the ordinary course of business the goods out of this state; as to such
30 persons the amount of tax with respect to such business is equal to the
31 value of the products manufactured or the gross proceeds derived from
32 such sales, multiplied by the rate of 0.138 percent. Sellers must keep
33 and preserve records for the period required by RCW 82.32.070
34 establishing that the goods were transported by the purchaser in the
35 ordinary course of business out of this state;

36 (c) Beginning July 1, 2012, and through June 30, 2017, dairy
37 products that as of September 20, 2001, are identified in 21 C.F.R.,

1 chapter 1, parts 131, 133, and 135, including by-products from the
2 manufacturing of the dairy products such as whey and casein; or selling
3 the same to purchasers who transport in the ordinary course of business
4 the goods out of state; as to such persons the tax imposed is equal to
5 the value of the products manufactured or the gross proceeds derived
6 from such sales multiplied by the rate of 0.138 percent. Sellers must
7 keep and preserve records for the period required by RCW 82.32.070
8 establishing that the goods were transported by the purchaser in the
9 ordinary course of business out of this state;

10 (d) (~~Beginning~~) From July 1, 2012, through June 30, 2017, fruits
11 or vegetables by canning, preserving, freezing, processing, or
12 dehydrating fresh fruits or vegetables, or selling at wholesale fruits
13 or vegetables manufactured by the seller by canning, preserving,
14 freezing, processing, or dehydrating fresh fruits or vegetables and
15 sold to purchasers who transport in the ordinary course of business the
16 goods out of this state; as to such persons the amount of tax with
17 respect to such business is equal to the value of the products
18 manufactured or the gross proceeds derived from such sales multiplied
19 by the rate of 0.138 percent. Sellers must keep and preserve records
20 for the period required by RCW 82.32.070 establishing that the goods
21 were transported by the purchaser in the ordinary course of business
22 out of this state;

23 (e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or biodiesel
24 feedstock, as those terms are defined in RCW 82.29A.135; as to such
25 persons the amount of tax with respect to the business is equal to the
26 value of alcohol fuel, biodiesel fuel, or biodiesel feedstock
27 manufactured, multiplied by the rate of 0.138 percent; and

28 (f) Until July 1, 2017, wood biomass fuel as defined in RCW
29 82.29A.135; as to such persons the amount of tax with respect to the
30 business is equal to the value of wood biomass fuel manufactured,
31 multiplied by the rate of 0.138 percent.

32 (2) Until July 1, 2021, upon every person engaging within this
33 state in the business of splitting or processing dried peas; as to such
34 persons the amount of tax with respect to such business is equal to the
35 value of the peas split or processed, multiplied by the rate of 0.138
36 percent.

37 (3) Until July 1, 2019, upon every nonprofit corporation and
38 nonprofit association engaging within this state in research and

1 development, as to such corporations and associations, the amount of
2 tax with respect to such activities is equal to the gross income
3 derived from such activities multiplied by the rate of 0.484 percent.

4 (4) Until July 1, 2017, upon every person engaging within this
5 state in the business of slaughtering, breaking and/or processing
6 perishable meat products and/or selling the same at wholesale only and
7 not at retail; as to such persons the tax imposed is equal to the gross
8 proceeds derived from such sales multiplied by the rate of 0.138
9 percent.

10 (5) Until July 1, 2021, upon every person engaging within this
11 state in the business of acting as a travel agent or tour operator; as
12 to such persons the amount of the tax with respect to such activities
13 is equal to the gross income derived from such activities multiplied by
14 the rate of 0.275 percent.

15 (6) Until July 1, 2021, upon every person engaging within this
16 state in business as an international steamship agent, international
17 customs house broker, international freight forwarder, vessel and/or
18 cargo charter broker in foreign commerce, and/or international air
19 cargo agent; as to such persons the amount of the tax with respect to
20 only international activities is equal to the gross income derived from
21 such activities multiplied by the rate of 0.275 percent.

22 (7) Until July 1, 2021, upon every person engaging within this
23 state in the business of stevedoring and associated activities
24 pertinent to the movement of goods and commodities in waterborne
25 interstate or foreign commerce; as to such persons the amount of tax
26 with respect to such business is equal to the gross proceeds derived
27 from such activities multiplied by the rate of 0.275 percent. Persons
28 subject to taxation under this subsection are exempt from payment of
29 taxes imposed by chapter 82.16 RCW for that portion of their business
30 subject to taxation under this subsection. Stevedoring and associated
31 activities pertinent to the conduct of goods and commodities in
32 waterborne interstate or foreign commerce are defined as all activities
33 of a labor, service or transportation nature whereby cargo may be
34 loaded or unloaded to or from vessels or barges, passing over, onto or
35 under a wharf, pier, or similar structure; cargo may be moved to a
36 warehouse or similar holding or storage yard or area to await further
37 movement in import or export or may move to a consolidation freight
38 station and be stuffed, unstuffed, containerized, separated or

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

13 (8) Upon every person engaging within this state in the business of
14 disposing of low-level waste, as defined in RCW 43.145.010; as to such
15 persons the amount of the tax with respect to such business is equal to
16 the gross income of the business, excluding any fees imposed under
17 chapter 43.200 RCW, multiplied by the rate of 3.3 percent.

18 If the gross income of the taxpayer is attributable to activities
19 both within and without this state, the gross income attributable to
20 this state must be determined in accordance with the methods of
21 apportionment required under RCW 82.04.460.

22 (9) Until July 1, 2021, upon every person engaging within this
23 state as an insurance producer or title insurance agent licensed under
24 chapter 48.17 RCW or a surplus line broker licensed under chapter 48.15
25 RCW; as to such persons, the amount of the tax with respect to such
26 licensed activities is equal to the gross income of such business
27 multiplied by the rate of 0.484 percent.

28 (10) Upon every person engaging within this state in business as a
29 hospital, as defined in chapter 70.41 RCW, that is operated as a
30 nonprofit corporation or by the state or any of its political
31 subdivisions, as to such persons, the amount of tax with respect to
32 such activities is equal to the gross income of the business multiplied
33 by the rate of (~~0.75 percent through June 30, 1995, and~~) 1.5 percent
34 (~~thereafter~~).

35 (11)(a) Beginning October 1, 2005, upon every person engaging
36 within this state in the business of manufacturing commercial
37 airplanes, or components of such airplanes, or making sales, at retail
38 or wholesale, of commercial airplanes or components of such airplanes,

1 manufactured by the seller, as to such persons the amount of tax with
2 respect to such business is, in the case of manufacturers, equal to the
3 value of the product manufactured and the gross proceeds of sales of
4 the product manufactured, or in the case of processors for hire, equal
5 to the gross income of the business, multiplied by the rate of:

6 (i) 0.4235 percent from October 1, 2005, through June 30, 2007; and

7 (ii) 0.2904 percent beginning July 1, 2007.

8 (b) Beginning July 1, 2008, upon every person who is not eligible
9 to report under the provisions of (a) of this subsection (11) and is
10 engaging within this state in the business of manufacturing tooling
11 specifically designed for use in manufacturing commercial airplanes or
12 components of such airplanes, or making sales, at retail or wholesale,
13 of such tooling manufactured by the seller, as to such persons the
14 amount of tax with respect to such business is, in the case of
15 manufacturers, equal to the value of the product manufactured and the
16 gross proceeds of sales of the product manufactured, or in the case of
17 processors for hire, be equal to the gross income of the business,
18 multiplied by the rate of 0.2904 percent.

19 (c) For the purposes of this subsection (11), "commercial airplane"
20 and "component" have the same meanings as provided in RCW 82.32.550.

21 (d) In addition to all other requirements under this title, a
22 person reporting under the tax rate provided in this subsection (11)
23 must file a complete annual report with the department under RCW
24 82.32.534.

25 (e) This subsection (11) does not apply on and after July 1, 2024.

26 (12)(a) Until July 1, 2024, upon every person engaging within this
27 state in the business of extracting timber or extracting for hire
28 timber; as to such persons the amount of tax with respect to the
29 business is, in the case of extractors, equal to the value of products,
30 including by-products, extracted, or in the case of extractors for
31 hire, equal to the gross income of the business, multiplied by the rate
32 of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904
33 percent from July 1, 2007, through June 30, 2024.

34 (b) Until July 1, 2024, upon every person engaging within this
35 state in the business of manufacturing or processing for hire: (i)
36 Timber into timber products or wood products; or (ii) timber products
37 into other timber products or wood products; as to such persons the
38 amount of the tax with respect to the business is, in the case of

1 manufacturers, equal to the value of products, including by-products,
2 manufactured, or in the case of processors for hire, equal to the gross
3 income of the business, multiplied by the rate of 0.4235 percent from
4 July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1,
5 2007, through June 30, 2024.

6 (c) Until July 1, 2024, upon every person engaging within this
7 state in the business of selling at wholesale: (i) Timber extracted by
8 that person; (ii) timber products manufactured by that person from
9 timber or other timber products; or (iii) wood products manufactured by
10 that person from timber or timber products; as to such persons the
11 amount of the tax with respect to the business is equal to the gross
12 proceeds of sales of the timber, timber products, or wood products
13 multiplied by the rate of 0.4235 percent from July 1, 2006, through
14 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
15 2024.

16 (d) Until July 1, 2024, upon every person engaging within this
17 state in the business of selling standing timber; as to such persons
18 the amount of the tax with respect to the business is equal to the
19 gross income of the business multiplied by the rate of 0.2904 percent.
20 For purposes of this subsection (12)(d), "selling standing timber"
21 means the sale of timber apart from the land, where the buyer is
22 required to sever the timber within thirty months from the date of the
23 original contract, regardless of the method of payment for the timber
24 and whether title to the timber transfers before, upon, or after
25 severance.

26 (e) For purposes of this subsection, the following definitions
27 apply:

28 (i) "Biocomposite surface products" means surface material products
29 containing, by weight or volume, more than fifty percent recycled paper
30 and that also use nonpetroleum-based phenolic resin as a bonding agent.

31 (ii) "Paper and paper products" means products made of interwoven
32 cellulosic fibers held together largely by hydrogen bonding. "Paper
33 and paper products" includes newsprint; office, printing, fine, and
34 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
35 kraft bag, construction, and other kraft industrial papers; paperboard,
36 liquid packaging containers, containerboard, corrugated, and solid-
37 fiber containers including linerboard and corrugated medium; and
38 related types of cellulosic products containing primarily, by weight or

1 volume, cellulosic materials. "Paper and paper products" does not
2 include books, newspapers, magazines, periodicals, and other printed
3 publications, advertising materials, calendars, and similar types of
4 printed materials.

5 (iii) "Recycled paper" means paper and paper products having fifty
6 percent or more of their fiber content that comes from postconsumer
7 waste. For purposes of this subsection (12)(e)(iii), "postconsumer
8 waste" means a finished material that would normally be disposed of as
9 solid waste, having completed its life cycle as a consumer item.

10 (iv) "Timber" means forest trees, standing or down, on privately or
11 publicly owned land. "Timber" does not include Christmas trees that
12 are cultivated by agricultural methods or short-rotation hardwoods as
13 defined in RCW 84.33.035.

14 (v) "Timber products" means:

15 (A) Logs, wood chips, sawdust, wood waste, and similar products
16 obtained wholly from the processing of timber, short-rotation hardwoods
17 as defined in RCW 84.33.035, or both;

18 (B) Pulp, including market pulp and pulp derived from recovered
19 paper or paper products; and

20 (C) Recycled paper, but only when used in the manufacture of
21 biocomposite surface products.

22 (vi) "Wood products" means paper and paper products; dimensional
23 lumber; engineered wood products such as particleboard, oriented strand
24 board, medium density fiberboard, and plywood; wood doors; wood
25 windows; and biocomposite surface products.

26 (f) Except for small harvesters as defined in RCW 84.33.035, a
27 person reporting under the tax rate provided in this subsection (12)
28 must file a complete annual survey with the department under RCW
29 82.32.585.

30 (13) Until July 1, 2021, upon every person engaging within this
31 state in inspecting, testing, labeling, and storing canned salmon owned
32 by another person, as to such persons, the amount of tax with respect
33 to such activities is equal to the gross income derived from such
34 activities multiplied by the rate of 0.484 percent.

35 (14)(a) Until July 1, 2021, upon every person engaging within this
36 state in the business of printing a newspaper, publishing a newspaper,
37 or both, the amount of tax on such business is equal to the gross
38 income of the business multiplied by the rate of 0.2904 percent.

1 (b) A person reporting under the tax rate provided in this
2 subsection (14) must file a complete annual report with the department
3 under RCW 82.32.534.

4 (15) Subsequent to the expiration of a tax rate under this section,
5 the activity is subject to the rate that would otherwise apply under
6 this chapter.

7 **Sec. 310.** RCW 82.04.280 and 2010 c 106 s 205 are each amended to
8 read as follows:

9 (1) Upon every person engaging within this state in the business
10 of: (a) Printing materials other than newspapers, and of publishing
11 periodicals or magazines; (b) building, repairing or improving any
12 street, place, road, highway, easement, right-of-way, mass public
13 transportation terminal or parking facility, bridge, tunnel, or trestle
14 which is owned by a municipal corporation or political subdivision of
15 the state or by the United States and which is used or to be used,
16 primarily for foot or vehicular traffic including mass transportation
17 vehicles of any kind and including any readjustment, reconstruction or
18 relocation of the facilities of any public, private or cooperatively
19 owned utility or railroad in the course of such building, repairing or
20 improving, the cost of which readjustment, reconstruction, or
21 relocation, is the responsibility of the public authority whose street,
22 place, road, highway, easement, right-of-way, mass public
23 transportation terminal or parking facility, bridge, tunnel, or trestle
24 is being built, repaired or improved; (c) extracting for hire or
25 processing for hire, except persons taxable as extractors for hire or
26 processors for hire under another section of this chapter; (d)
27 operating a cold storage warehouse or storage warehouse, but not
28 including the rental of cold storage lockers; (e) representing and
29 performing services for fire or casualty insurance companies as an
30 independent resident managing general agent licensed under the
31 provisions of chapter 48.17 RCW; (f) radio and television broadcasting,
32 excluding network, national and regional advertising computed as a
33 standard deduction based on the national average thereof as annually
34 reported by the federal communications commission, or in lieu thereof
35 by itemization by the individual broadcasting station, and excluding
36 that portion of revenue represented by the out-of-state audience
37 computed as a ratio to the station's total audience as measured by the

1 100 micro-volt signal strength and delivery by wire, if any; (g)
2 engaging in activities which bring a person within the definition of
3 consumer contained in RCW 82.04.190(6); as to such persons, the amount
4 of tax on such business is equal to the gross income of the business
5 multiplied by the rate of 0.484 percent.

6 (2) For the purposes of this section, the following definitions
7 apply unless the context clearly requires otherwise.

8 (a) "Cold storage warehouse" means a storage warehouse used to
9 store fresh and/or frozen perishable fruits or vegetables, meat,
10 seafood, dairy products, or fowl, or any combination thereof, at a
11 desired temperature to maintain the quality of the product for orderly
12 marketing.

13 (b) "Storage warehouse" means a building or structure, or any part
14 thereof, in which goods, wares, or merchandise are received for storage
15 for compensation, except field warehouses, fruit warehouses, fruit
16 packing plants, warehouses licensed under chapter 22.09 RCW, public
17 garages storing automobiles, railroad freight sheds, docks and wharves,
18 and "self-storage" or "mini storage" facilities whereby customers have
19 direct access to individual storage areas by separate entrance.
20 "Storage warehouse" does not include a building or structure, or that
21 part of such building or structure, in which an activity taxable under
22 RCW 82.04.272 is conducted.

23 (c) "Periodical or magazine" means a printed publication, other
24 than a newspaper, issued regularly at stated intervals at least once
25 every three months, including any supplement or special edition of the
26 publication.

27 (3) The 0.484 percent tax rate applicable to subsection (1)(a), (d)
28 and (e) of this section does not apply on or after July 1, 2021.

29 (4) The 0.484 percent tax rate applicable to subsection (1)(f) of
30 this section does not apply on or after July 1, 2017.

31 **Sec. 311.** RCW 82.04.280 and 2010 c 106 s 206 are each amended to
32 read as follows:

33 (1) Upon every person engaging within this state in the business
34 of: (a) Printing materials other than newspapers, and of publishing
35 periodicals or magazines; (b) building, repairing or improving any
36 street, place, road, highway, easement, right-of-way, mass public
37 transportation terminal or parking facility, bridge, tunnel, or trestle

1 which is owned by a municipal corporation or political subdivision of
2 the state or by the United States and which is used or to be used,
3 primarily for foot or vehicular traffic including mass transportation
4 vehicles of any kind and including any readjustment, reconstruction or
5 relocation of the facilities of any public, private or cooperatively
6 owned utility or railroad in the course of such building, repairing or
7 improving, the cost of which readjustment, reconstruction, or
8 relocation, is the responsibility of the public authority whose street,
9 place, road, highway, easement, right-of-way, mass public
10 transportation terminal or parking facility, bridge, tunnel, or trestle
11 is being built, repaired or improved; (c) extracting for hire or
12 processing for hire, except persons taxable as extractors for hire or
13 processors for hire under another section of this chapter; (d)
14 operating a cold storage warehouse or storage warehouse, but not
15 including the rental of cold storage lockers; (e) representing and
16 performing services for fire or casualty insurance companies as an
17 independent resident managing general agent licensed under the
18 provisions of chapter 48.17 RCW; (f) radio and television broadcasting,
19 excluding network, national and regional advertising computed as a
20 standard deduction based on the national average thereof as annually
21 reported by the federal communications commission, or in lieu thereof
22 by itemization by the individual broadcasting station, and excluding
23 that portion of revenue represented by the out-of-state audience
24 computed as a ratio to the station's total audience as measured by the
25 100 micro-volt signal strength and delivery by wire, if any; (g)
26 engaging in activities which bring a person within the definition of
27 consumer contained in RCW 82.04.190(6); as to such persons, the amount
28 of tax on such business is equal to the gross income of the business
29 multiplied by the rate of 0.484 percent.

30 (2) For the purposes of this section, the following definitions
31 apply unless the context clearly requires otherwise.

32 (a) "Cold storage warehouse" means a storage warehouse used to
33 store fresh and/or frozen perishable fruits or vegetables, meat,
34 seafood, dairy products, or fowl, or any combination thereof, at a
35 desired temperature to maintain the quality of the product for orderly
36 marketing.

37 (b) "Storage warehouse" means a building or structure, or any part
38 thereof, in which goods, wares, or merchandise are received for storage

1 for compensation, except field warehouses, fruit warehouses, fruit
2 packing plants, warehouses licensed under chapter 22.09 RCW, public
3 garages storing automobiles, railroad freight sheds, docks and wharves,
4 and "self-storage" or "mini storage" facilities whereby customers have
5 direct access to individual storage areas by separate entrance.
6 "Storage warehouse" does not include a building or structure, or that
7 part of such building or structure, in which an activity taxable under
8 RCW 82.04.272 is conducted.

9 (c) "Periodical or magazine" means a printed publication, other
10 than a newspaper, issued regularly at stated intervals at least once
11 every three months, including any supplement or special edition of the
12 publication.

13 (3) The 0.484 percent tax rate applicable to subsection (1)(a),
14 (d), (e), and (f) of this section does not apply on or after July 1,
15 2021.

16 **Sec. 312.** RCW 82.04.290 and 2011 c 174 s 101 are each amended to
17 read as follows:

18 (1) Until July 1, 2021, upon every person engaging within this
19 state in the business of providing international investment management
20 services, as to such persons, the amount of tax with respect to such
21 business (~~shall be~~) is equal to the gross income or gross proceeds of
22 sales of the business multiplied by a rate of 0.275 percent.

23 (2)(a) Upon every person engaging within this state in any business
24 activity other than or in addition to an activity taxed explicitly
25 under another section in this chapter or subsection (1) or (3) of this
26 section; as to such persons the amount of tax on account of such
27 activities (~~shall be~~) is equal to the gross income of the business
28 multiplied by the rate of 1.5 percent.

29 (b) This subsection (2) includes, among others, and without
30 limiting the scope hereof (whether or not title to materials used in
31 the performance of such business passes to another by accession,
32 confusion or other than by outright sale), persons engaged in the
33 business of rendering any type of service which does not constitute a
34 "sale at retail" or a "sale at wholesale." The value of advertising,
35 demonstration, and promotional supplies and materials furnished to an
36 agent by his or her principal or supplier to be used for informational,

1 educational, and promotional purposes (~~shall~~) is not (~~be~~)
2 considered a part of the agent's remuneration or commission and
3 (~~shall~~) is not (~~be~~) subject to taxation under this section.

4 (3)(a) Until July 1, 2024, upon every person engaging within this
5 state in the business of performing aerospace product development for
6 others, as to such persons, the amount of tax with respect to such
7 business (~~shall-be~~) is equal to the gross income of the business
8 multiplied by a rate of 0.9 percent.

9 (b) "Aerospace product development" has the meaning as provided in
10 RCW 82.04.4461.

11 **Sec. 313.** RCW 82.62.020 and 2007 c 485 s 2 are each amended to
12 read as follows:

13 Application for tax credits under this chapter must be made within
14 ninety consecutive days after the first qualified employment position
15 is filled. The application (~~shall~~) must be made to the department in
16 a form and manner prescribed by the department. The application
17 (~~shall~~) must contain information regarding the location of the
18 business project, the applicant's average employment, if any, at the
19 facility for the four consecutive full calendar quarters immediately
20 preceding the earlier of the calendar quarter during which the
21 application required by this section is submitted to the department or
22 the first qualified employment position is filled, estimated or actual
23 new employment related to the project, estimated or actual wages of
24 employees related to the project, estimated or actual costs, time
25 schedules for completion and operation, and other information required
26 by the department. The department (~~shall~~) must prescribe a method
27 for calculating a seasonal employer's average employment levels. The
28 department (~~shall~~) must rule on the application within sixty days.
29 The department may not accept applications after June 30, 2021.

30 **Sec. 314.** RCW 82.73.020 and 2005 c 514 s 903 are each amended to
31 read as follows:

32 (1) Application for tax credits under this chapter must be made to
33 the department before making a contribution to a program or the main
34 street trust fund. The application (~~shall~~) must be made to the
35 department in a form and manner prescribed by the department. The
36 application (~~shall~~) must contain information regarding the proposed

1 amount of contribution to a program or the main street trust fund, and
2 other information required by the department to determine eligibility
3 under chapter 514, Laws of 2005. The department (~~shall~~) must rule on
4 the application within forty-five days. Applications (~~shall~~) must be
5 approved on a first-come basis.

6 (2) The person must make the contribution described in the approved
7 application by the end of the calendar year in which the application is
8 approved to claim a credit allowed under RCW 82.73.030.

9 (3) The department (~~shall~~) may not accept any applications before
10 January 1, 2006, or after June 30, 2017.

11 **Sec. 315.** RCW 82.04.540 and 2006 c 301 s 1 are each amended to
12 read as follows:

13 (1) The provision of professional employer services by a
14 professional employer organization is taxable under RCW 82.04.290(2).

15 (2) Until July 1, 2021, a professional employer organization is
16 allowed a deduction from the gross income of the business derived from
17 performing professional employer services that is equal to the portion
18 of the fee charged to a client that represents the actual cost of wages
19 and salaries, benefits, workers' compensation, payroll taxes,
20 withholding, or other assessments paid to or on behalf of a covered
21 employee by the professional employer organization under a professional
22 employer agreement.

23 (3) For the purposes of this section, the following definitions
24 apply:

25 (a) "Client" means any person who enters into a professional
26 employer agreement with a professional employer organization. For
27 purposes of this subsection (3)(a), "person" has the same meaning as
28 "buyer" in RCW 82.08.010.

29 (b) "Coemployer" means either a professional employer organization
30 or a client.

31 (c) "Coemployment relationship" means a relationship which is
32 intended to be an ongoing relationship rather than a temporary or
33 project-specific one, wherein the rights, duties, and obligations of an
34 employer which arise out of an employment relationship have been
35 allocated between coemployers pursuant to a professional employer
36 agreement and applicable state law. In such a coemployment
37 relationship:

1 (i) The professional employer organization is entitled to enforce
2 only such employer rights and is subject to only those obligations
3 specifically allocated to the professional employer organization by the
4 professional employer agreement or applicable state law;

5 (ii) The client is entitled to enforce those rights and obligated
6 to provide and perform those employer obligations allocated to such
7 client by the professional employer agreement and applicable state law;
8 and

9 (iii) The client is entitled to enforce any right and obligated to
10 perform any obligation of an employer not specifically allocated to the
11 professional employer organization by the professional employer
12 agreement or applicable state law.

13 (d) "Covered employee" means an individual having a coemployment
14 relationship with a professional employer organization and a client who
15 meets all of the following criteria: (i) The individual has received
16 written notice of coemployment with the professional employer
17 organization, and (ii) the individual's coemployment relationship is
18 pursuant to a professional employer agreement. Individuals who are
19 officers, directors, shareholders, partners, and managers of the client
20 are covered employees to the extent the professional employer
21 organization and the client have expressly agreed in the professional
22 employer agreement that such individuals would be covered employees and
23 provided such individuals meet the criteria of this subsection and act
24 as operational managers or perform day-to-day operational services for
25 the client.

26 (e) "Professional employer agreement" means a written contract by
27 and between a client and a professional employer organization that
28 provides:

29 (i) For the coemployment of covered employees; and

30 (ii) For the allocation of employer rights and obligations between
31 the client and the professional employer organization with respect to
32 the covered employees.

33 (f) "Professional employer organization" means any person engaged
34 in the business of providing professional employer services. The
35 following (~~shall~~) are not (~~be~~) deemed to be professional employer
36 organizations or the providing of professional employer services for
37 purposes of this section:

1 (i) Arrangements wherein a person, whose principal business
2 activity is not entering into professional employer arrangements and
3 which does not hold itself out as a professional employer organization,
4 shares employees with a commonly owned company within the meaning of
5 (~~section~~) 26 U.S.C. Sec. 414(b) and (c) of the internal revenue code
6 of 1986, as amended;

7 (ii) Independent contractor arrangements by which a person assumes
8 responsibility for the product produced or service performed by such
9 person or his or her agents and retains and exercises primary direction
10 and control over the work performed by the individuals whose services
11 are supplied under such arrangements; or

12 (iii) Providing staffing services.

13 (g) "Professional employer services" means the service of entering
14 into a coemployment relationship with a client in which all or a
15 majority of the employees providing services to a client or to a
16 division or work unit of a client are covered employees.

17 (h) "Staffing services" means services consisting of a person:

18 (i) Recruiting and hiring its own employees;

19 (ii) Finding other organizations that need the services of those
20 employees;

21 (iii) Assigning those employees on a temporary basis to perform
22 work at or services for the other organizations to support or
23 supplement the other organizations' workforces, or to provide
24 assistance in special work situations such as, but not limited to,
25 employee absences, skill shortages, seasonal workloads, or to perform
26 special assignments or projects, all under the direction and
27 supervision of the customer; and

28 (iv) Customarily attempting to reassign the employees to other
29 organizations when they finish each assignment.

30 **PART IV**

31 **Miscellaneous Provisions**

32 NEW SECTION. **Sec. 401.** If section 311 of this act takes effect,
33 section 310 of this act expires on the date section 311 of this act
34 takes effect.

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