

1 relates to ocean marine and foreign trade insurance contracts, and
2 therefore repeals the exemption.

3 **Sec. 102.** RCW 48.14.020 and 2009 c 161 s 3 are each amended to
4 read as follows:

5 (1) Subject to other provisions of this chapter, each authorized
6 insurer except title insurers (~~shall~~) must on or before the first day
7 of March of each year pay to the state treasurer through the
8 commissioner's office a tax on premiums. Except as provided in
9 subsection (2) of this section, such tax (~~shall be~~) is in the amount
10 of two percent of all premiums, excluding amounts returned to or the
11 amount of reductions in premiums allowed to holders of industrial life
12 policies for payment of premiums directly to an office of the insurer,
13 collected or received by the insurer under RCW 48.14.090 during the
14 preceding calendar year other than ocean marine and foreign trade
15 insurances, after deducting premiums paid to policyholders as returned
16 premiums, upon risks or property resident, situated, or to be performed
17 in this state. For tax purposes, the reporting of premiums (~~shall~~)
18 must be on a written basis or on a paid-for basis consistent with the
19 basis required by the annual statement. For the purposes of this
20 section the consideration received by an insurer for the granting of an
21 annuity (~~shall~~) is not (~~be~~) deemed to be a premium.

22 (2) In the case of insurers which require the payment by their
23 policyholders at the inception of their policies of the entire premium
24 thereon in the form of premiums or premium deposits which are the same
25 in amount, based on the character of the risks, regardless of the
26 length of term for which such policies are written, such tax (~~shall~~
27 ~~be~~) is in the amount of two percent of the gross amount of such
28 premiums and premium deposits upon policies on risks resident, located,
29 or to be performed in this state, in force as of the thirty-first day
30 of December next preceding, less the unused or unabsorbed portion of
31 such premiums and premium deposits computed at the average rate thereof
32 actually paid or credited to policyholders or applied in part payment
33 of any renewal premiums or premium deposits on one-year policies
34 expiring during such year.

35 (~~Each authorized insurer shall with respect to all ocean~~
36 ~~marine and foreign trade insurance contracts written within this state~~
37 ~~during the preceding calendar year, on or before the first day of March~~

1 of each year pay to the state treasurer through the commissioner's
2 office a tax of ninety five one hundredths of one percent on its gross
3 underwriting profit. Such gross underwriting profit shall be
4 ascertained by deducting from the net premiums (i.e., gross premiums
5 less all return premiums and premiums for reinsurance) on such ocean
6 marine and foreign trade insurance contracts the net losses paid (i.e.,
7 gross losses paid less salvage and recoveries on reinsurance ceded)
8 during such calendar year under such contracts. In the case of
9 insurers issuing participating contracts, such gross underwriting
10 profit shall not include, for computation of the tax prescribed by this
11 subsection, the amounts refunded, or paid as participation dividends,
12 by such insurers to the holders of such contracts.

13 (4)) The state does hereby preempt the field of imposing excise or
14 privilege taxes upon insurers or their appointed insurance producers,
15 other than title insurers, and no county, city, town or other municipal
16 subdivision ((shall have)) has the right to impose any such taxes upon
17 such insurers or these insurance producers.

18 ((+5)) (4) If an authorized insurer collects or receives any such
19 premiums on account of policies in force in this state which were
20 originally issued by another insurer and which other insurer is not
21 authorized to transact insurance in this state on its own account, such
22 collecting insurer ((shall be)) is liable for and ((shall)) must pay
23 the tax on such premiums.

24 **Sec. 103.** RCW 82.08.0262 and 2009 c 503 s 1 are each amended to
25 read as follows:

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

27 (a) Sales of airplanes (i) to the United States government; (ii)
28 ((for use)) used primarily in conducting interstate or foreign
29 commerce; or (iii) ((for use)) used primarily in providing intrastate
30 air transportation by a commuter air carrier;

31 (b) Sales of locomotives, railroad cars, or watercraft ((for use))
32 used primarily in conducting interstate or foreign commerce by
33 transporting therein or therewith property and persons for hire or for
34 use in conducting commercial deep sea fishing operations outside the
35 territorial waters of the state;

36 (c) Sales of tangible personal property that becomes a component
37 part of such airplanes, locomotives, railroad cars, or watercraft, and

1 of motor vehicles or trailers whether owned by or leased with or
2 without drivers and used by the holder of a carrier permit issued by
3 the interstate commerce commission or its successor agency authorizing
4 transportation by motor vehicle across the boundaries of this state, in
5 the course of constructing, repairing, cleaning, altering, or improving
6 the same; and

7 (d) Sales of or charges made for labor and services rendered in
8 respect to such constructing, repairing, cleaning, altering, or
9 improving.

10 (2) The term "commuter air carrier" means an air carrier holding
11 authority under Title 14, Part 298 of the code of federal regulations
12 that carries passengers on at least five round trips per week on at
13 least one route between two or more points according to its published
14 flight schedules that specify the times, days of the week, and places
15 between which those flights are performed.

16 **Sec. 104.** RCW 82.08.0253 and 2009 c 535 s 506 are each amended to
17 read as follows:

18 (1) The tax levied by RCW 82.08.020 does not apply to:

19 (a) The distribution and newsstand sale of printed newspapers; and
20 (b) The sale of newspapers transferred electronically, provided
21 that the electronic version of a printed newspaper:

22 (i) Shares content with the printed newspaper; and
23 (ii) Is prominently identified by the same name as the printed
24 newspaper or otherwise conspicuously indicates that it is a complement
25 to the printed newspaper.

26 (2) For purposes of this section, "printed newspaper" means a
27 publication issued regularly at stated intervals at least twice a month
28 and printed on newsprint in tabloid or broadsheet format folded loosely
29 together without stapling, glue, or any other binding of any kind,
30 including any supplement of a printed newspaper.

31 (3)(a) The legislature intends that democracy requires an informed
32 citizenry that has free access to unbiased information.

33 (b) A newspaper is immediately ineligible for the tax exemption
34 under this section, if the newspaper gains a dominant market share and
35 becomes a dominant provider of opinion in the market wherein it
36 promotes the bias of its editorial board without opposing opinion by

1 another newspaper in the same market, unless the newspaper implements
2 a plan to correct the dissemination of biased information to the
3 citizenry.

4 **Sec. 105.** RCW 82.12.0345 and 2009 c 535 s 618 are each amended to
5 read as follows:

6 The tax imposed by RCW 82.12.020 does not apply in respect to the
7 use of:

8 (1) Printed newspapers as defined in RCW 82.08.0253; and

9 (2) Newspapers transferred electronically, provided that the
10 electronic version of a printed newspaper:

11 (a) Shares content with the printed newspaper; and

12 (b) Is prominently identified by the same name as the printed
13 newspaper or otherwise conspicuously indicates that it is a complement
14 to the printed newspaper.

15 (3)(a) The legislature intends that democracy requires an informed
16 citizenry that has free access to unbiased information.

17 (b) A newspaper is immediately ineligible for the tax exemption
18 under this section, if the newspaper gains a dominant market share and
19 becomes a dominant provider of opinion in the market wherein it
20 promotes the bias of its editorial board without opposing opinion by
21 another newspaper in the same market, unless the newspaper implements
22 a plan to correct the dissemination of biased information to the
23 citizenry.

24 **Part II**
25 **Radio and TV Broadcasting**

26 **Sec. 201.** RCW 82.04.280 and 2010 c 106 s 205 are each amended to
27 read as follows:

28 (1) Upon every person engaging within this state in the business
29 of: (a) Printing materials other than newspapers, and of publishing
30 periodicals or magazines; (b) building, repairing or improving any
31 street, place, road, highway, easement, right-of-way, mass public
32 transportation terminal or parking facility, bridge, tunnel, or trestle
33 which is owned by a municipal corporation or political subdivision of
34 the state or by the United States and which is used or to be used,
35 primarily for foot or vehicular traffic including mass transportation

1 vehicles of any kind and including any readjustment, reconstruction or
2 relocation of the facilities of any public, private or cooperatively
3 owned utility or railroad in the course of such building, repairing or
4 improving, the cost of which readjustment, reconstruction, or
5 relocation, is the responsibility of the public authority whose street,
6 place, road, highway, easement, right-of-way, mass public
7 transportation terminal or parking facility, bridge, tunnel, or trestle
8 is being built, repaired or improved; (c) extracting for hire or
9 processing for hire, except persons taxable as extractors for hire or
10 processors for hire under another section of this chapter; (d)
11 operating a cold storage warehouse or storage warehouse, but not
12 including the rental of cold storage lockers; (e) representing and
13 performing services for fire or casualty insurance companies as an
14 independent resident managing general agent (~~licensed under the~~
15 ~~provisions of chapter 48.17 RCW~~); (f) radio and television
16 broadcasting, excluding network, national and regional advertising
17 computed as a standard deduction (~~based on the national average~~
18 ~~thereof as annually reported by the federal communications~~
19 ~~commission~~), which the department must publish by rule every fifth
20 year by September 30th, or in lieu thereof by itemization by the
21 individual broadcasting station, and excluding that portion of revenue
22 represented by the out-of-state audience computed as a ratio to the
23 station's total audience as measured by the 100 micro-volt signal
24 strength and delivery by wire, if any; (g) engaging in activities which
25 bring a person within the definition of consumer contained in RCW
26 82.04.190(6); as to such persons, the amount of tax on such business is
27 equal to the gross income of the business multiplied by the rate of
28 0.484 percent.

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

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

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

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

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

12 **Sec. 202.** RCW 82.04.280 and 2010 c 106 s 206 are each amended to
13 read as follows:

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

1 computed as a standard deduction (~~based on the national average~~
2 ~~thereof as annually reported by the federal communications~~
3 ~~commission~~), which the department must publish by rule every fifth
4 year by September 30th, or in lieu thereof by itemization by the
5 individual broadcasting station, and excluding that portion of revenue
6 represented by the out-of-state audience computed as a ratio to the
7 station's total audience as measured by the 100 micro-volt signal
8 strength and delivery by wire, if any; (g) engaging in activities which
9 bring a person within the definition of consumer contained in RCW
10 82.04.190(6); as to such persons, the amount of tax on such business is
11 equal to the gross income of the business multiplied by the rate of
12 0.484 percent.

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

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

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

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

34 NEW SECTION. **Sec. 203.** A new section is added to chapter 82.04
35 RCW to read as follows:

36 For the standard deduction in RCW 82.04.280(1)(f), the department
37 must study radio and television broadcasting, excluding network,

1 national and regional advertising to establish the standard deduction
2 computed as a ratio of the network, national and regional advertising
3 revenue to the total advertising revenue of the radio or television
4 station expressed as a percentage. The department must complete the
5 study using the best available information. This study must be
6 completed by August 1, 2013, and the standard deduction must be
7 published by rule by December 1, 2013. The study must be repeated
8 every fifth year thereafter by March 30th and the rule must be
9 published every fifth year by September 30th.

10 **Part III**

11 **Nonprofit Property Tax Exemptions**

12 NEW SECTION. **Sec. 301.** (1) The legislature recognizes the rich
13 and diverse traditions represented by Washington's nonprofit homes for
14 the sick or infirm and nonprofit hospitals for the sick and the value
15 they provide to the residents and communities they serve as well as the
16 employees who provide loving compassionate care.

17 (2) The legislature finds requiring uniform and public reporting of
18 community benefit is one way these facilities can continue to
19 demonstrate the value provided in a manner consistent with the values
20 of transparency and public accountability. Further, the legislature
21 finds that Washington should adopt national standards for reporting of
22 community benefits for nonprofit hospitals and nonprofit homes for the
23 sick or infirm.

24 **Sec. 302.** RCW 84.36.840 and 2007 c 111 s 305 are each amended to
25 read as follows:

26 (1) In order to determine whether organizations, associations,
27 corporations, or institutions, except those exempted under RCW
28 84.36.020 and 84.36.030, are exempt from property taxes, and before the
29 exemption (~~shall be~~) is allowed for any year, the superintendent or
30 manager or other proper officer of the organization, association,
31 corporation, or institution claiming exemption from taxation (~~shall~~)
32 must file with the department of revenue a statement certifying that
33 the income and the receipts thereof, including donations to it, have
34 been applied to the actual expenses of operating and maintaining it, or
35 for its capital expenditures, and to no other purpose. This report

1 (~~shall~~) must also include a statement of the receipts and
2 disbursements of the exempt organization, association, corporation, or
3 institution.

4 (2) Educational institutions claiming exemption under RCW 84.36.050
5 (~~shall~~) must also file a list of all property claimed to be exempt,
6 the purpose for which it is used, the revenue derived from it for the
7 preceding year, the use to which the revenue was applied, the number of
8 students who attended the school or college, the total revenues of the
9 institution with the source from which they were derived, and the
10 purposes to which the revenues were applied, listing the items of such
11 revenues and expenditures in detail.

12 (3) Nonprofit homes for the sick or infirm and nonprofit hospitals
13 for the sick claiming exemptions under RCW 84.36.040(1) (d) and (e)
14 must also file on an annual basis no later than June 30th of each year,
15 with the department of revenue a community benefit report for the
16 preceding year. Community benefits include, but are not limited to:
17 Community health improvement services; health professions education;
18 subsidized health services; research; financial and in-kind
19 contributions; community-building activities; community benefit
20 operations; and charity care, including unreimbursed costs of indigent
21 government sponsored programs and medicaid shortfall. Nonprofit
22 hospitals for the sick must file a copy of the federal income tax form
23 990 "Schedule H" with the department to report data on community
24 benefits, including charity care. Nonprofit homes for the sick or
25 infirm must file a report on community benefits, including charity
26 care, on a standardized form developed by the department. The
27 standardized form must provide the same or similar relevant data as
28 required for the federal income tax form 990 "Schedule H" to report
29 data on community benefits, including charity care. Reports filed
30 under this subsection must be submitted electronically to the
31 department by June 30, 2014, for community benefits provided during
32 calendar year 2013, and by June 30th in each subsequent year
33 thereafter. The department must provide electronic notice of the
34 filing due date by May 31st of each year. The department may waive the
35 requirement to file reports electronically for good cause shown. If
36 the report is not received by the filing deadline, the exemption must
37 be removed. However, the department must allow a reasonable extension

1 of time for filing upon receipt of a written request on or before the
2 required filing date and for good cause shown therein.

3 (4) The reports required under subsections (1) and (2) of this
4 section may be submitted electronically, in a format provided or
5 approved by the department, or mailed to the department. The reports
6 (~~shall~~) must be submitted on or before March 31st of each year. The
7 department (~~shall~~) must remove the tax exemption from the property of
8 any organization, association, corporation, or institution that does
9 not file the required report with the department on or before the due
10 date. However, the department (~~shall~~) must allow a reasonable
11 extension of time for filing upon receipt of a written request on or
12 before the required filing date and for good cause shown therein.

13 **Part IV**

14 **Income Limit for Business and Occupation**

15 **Tax Exemptions for Agricultural Products**

16 **Sec. 401.** RCW 82.04.330 and 2001 c 118 s 3 are each amended to
17 read as follows:

18 This chapter (~~shall~~) does not apply to amounts under two million
19 dollars derived by any farmer that sells any agricultural product at
20 wholesale or to any farmer who grows, raises, or produces agricultural
21 products owned by others, such as custom feed operations. This
22 exemption (~~shall~~) does not apply to any person selling such products
23 at retail or to any person selling manufactured substances or articles.

24 This chapter (~~shall~~) also does not apply to any persons who
25 participate in the federal conservation reserve program or its
26 successor administered by the United States department of agriculture
27 with respect to land enrolled in that program.

28 **Sec. 402.** RCW 82.04.410 and 1967 ex.s. c 149 s 15 are each amended
29 to read as follows:

30 This chapter (~~shall~~) does not apply to amounts under two hundred
31 thousand dollars derived by persons engaged in the production and sale
32 of hatching eggs or poultry for use in the production for sale of
33 poultry or poultry products.

1 Part V

2 Public Utility Tax--Removing Urban Category

3 Sec. 501. RCW 82.16.010 and 2009 c 535 s 1110 are each reenacted
4 and amended to read as follows:

5 For the purposes of this chapter, unless otherwise required by the
6 context:

7 (1) "Express business" means the business of carrying property for
8 public hire on the line of any common carrier operated in this state,
9 when such common carrier is not owned or leased by the person engaging
10 in such business.

11 (2) "Gas distribution business" means the business of operating a
12 plant or system for the production or distribution for hire or sale of
13 gas, whether manufactured or natural.

14 (3) "Gross income" means the value proceeding or accruing from the
15 performance of the particular public service or transportation business
16 involved, including operations incidental thereto, but without any
17 deduction on account of the cost of the commodity furnished or sold,
18 the cost of materials used, labor costs, interest, discount, delivery
19 costs, taxes, or any other expense whatsoever paid or accrued and
20 without any deduction on account of losses.

21 (4) "Light and power business" means the business of operating a
22 plant or system for the generation, production or distribution of
23 electrical energy for hire or sale and/or for the wheeling of
24 electricity for others.

25 (5) (~~("Motor")~~) (a) "Transportation business" means the business
26 (~~("except urban transportation business")~~) of operating any motor
27 propelled vehicle by which persons or property of others are conveyed
28 for hire, and includes, but is not limited to, the operation of any
29 motor propelled vehicle as an auto transportation company (except urban
30 transportation business), common carrier, or contract carrier as
31 defined by RCW 81.68.010 and 81.80.010. (~~("However, "motor")~~)

32 (b) "Transportation business" also means the business of operating
33 any vehicle for public use in the conveyance of persons or property for
34 hire. Included in "transportation business," but without limiting the
35 scope of the definition, is the business of operating passenger
36 vehicles of every type and also the business of operating cartage,
37 pickup, or delivery services, including in such services the collection
38 and distribution of property arriving from or destined to a point

1 within or without the state, whether or not such collection or
2 distribution be made by the person performing a local or interstate
3 line-haul of such property.

4 (c) "Transportation business" does not mean or include the
5 transportation of logs or other forest products exclusively upon
6 private roads or private highways.

7 (6)(a) "Public service business" means any of the businesses
8 defined in subsections (1), (2), (4), (5), (7), (8), (9), (~~(11)~~) and
9 (12) of this section or any business subject to control by the state,
10 or having the powers of eminent domain and the duties incident thereto,
11 or any business hereafter declared by the legislature to be of a public
12 service nature, except telephone business and low-level radioactive
13 waste site operating companies as redefined in RCW 81.04.010. It
14 includes, among others, without limiting the scope hereof: Airplane
15 transportation, boom, dock, ferry, pipe line, toll bridge, toll logging
16 road, water transportation and wharf businesses.

17 (b) The definitions in this subsection (6)(b) apply throughout this
18 subsection (6).

19 (i) "Competitive telephone service" has the same meaning as in RCW
20 82.04.065.

21 (ii) "Network telephone service" means the providing by any person
22 of access to a telephone network, telephone network switching service,
23 toll service, or coin telephone services, or the providing of
24 telephonic, video, data, or similar communication or transmission for
25 hire, via a telephone network, toll line or channel, cable, microwave,
26 or similar communication or transmission system. "Network telephone
27 service" includes the provision of transmission to and from the site of
28 an internet provider via a telephone network, toll line or channel,
29 cable, microwave, or similar communication or transmission system.
30 "Network telephone service" does not include the providing of
31 competitive telephone service, the providing of cable television
32 service, the providing of broadcast services by radio or television
33 stations, nor the provision of internet access as defined in RCW
34 82.04.297, including the reception of dial-in connection, provided at
35 the site of the internet service provider.

36 (iii) "Telephone business" means the business of providing network
37 telephone service. It includes cooperative or farmer line telephone
38 companies or associations operating an exchange.

1 (iv) "Telephone service" means competitive telephone service or
2 network telephone service, or both, as defined in (b)(i) and (ii) of
3 this subsection.

4 (7) "Railroad business" means the business of operating any
5 railroad, by whatever power operated, for public use in the conveyance
6 of persons or property for hire. It (~~shall~~) does not, however,
7 include any business herein defined as an urban transportation
8 business.

9 (8) "Railroad car business" means the business of operating stock
10 cars, furniture cars, refrigerator cars, fruit cars, poultry cars, tank
11 cars, sleeping cars, parlor cars, buffet cars, tourist cars, or any
12 other kinds of cars used for transportation of property or persons upon
13 the line of any railroad operated in this state when such railroad is
14 not owned or leased by the person engaging in such business.

15 (9) "Telegraph business" means the business of affording
16 telegraphic communication for hire.

17 (10) "Tugboat business" means the business of operating tugboats,
18 towboats, wharf boats or similar vessels in the towing or pushing of
19 vessels, barges or rafts for hire.

20 (~~(11) ("Urban transportation business" means the business of~~
21 ~~operating any vehicle for public use in the conveyance of persons or~~
22 ~~property for hire, insofar as (a) operating entirely within the~~
23 ~~corporate limits of any city or town, or within five miles of the~~
24 ~~corporate limits thereof, or (b) operating entirely within and between~~
25 ~~cities and towns whose corporate limits are not more than five miles~~
26 ~~apart or within five miles of the corporate limits of either thereof.~~
27 ~~Included herein, but without limiting the scope hereof, is the business~~
28 ~~of operating passenger vehicles of every type and also the business of~~
29 ~~operating cartage, pickup, or delivery services, including in such~~
30 ~~services the collection and distribution of property arriving from or~~
31 ~~destined to a point within or without the state, whether or not such~~
32 ~~collection or distribution be made by the person performing a local or~~
33 ~~interstate line haul of such property.~~

34 (~~12~~)) "Water distribution business" means the business of
35 operating a plant or system for the distribution of water for hire or
36 sale.

37 (~~(13)~~) (12) The meaning attributed, in chapter 82.04 RCW, to the
38 term "tax year," "person," "value proceeding or accruing," "business,"

1 "engaging in business," "in this state," "within this state," "cash
2 discount" and "successor" (~~shall~~) apply equally in the provisions of
3 this chapter.

4 **Sec. 502.** RCW 82.16.020 and 2011 1st sp.s. c 48 s 7033 are each
5 amended to read as follows:

6 (1) There is levied and (~~there shall be~~) collected from every
7 person a tax for the act or privilege of engaging within this state in
8 any one or more of the businesses herein mentioned. The tax (~~shall~~
9 ~~be~~) is equal to the gross income of the business, multiplied by the
10 rate set out after the business, as follows:

11 (a) Express, sewerage collection, and telegraph businesses: Three
12 and six-tenths percent;

13 (b) Light and power business: Three and sixty-two one-hundredths
14 percent;

15 (c) Gas distribution business: Three and six-tenths percent;

16 (d) (~~Urban transportation business: Six tenths of one percent;~~

17 ~~(e) Vessels under sixty five feet in length, except tugboats,~~
18 ~~operating upon the waters within the state: Six tenths of one percent;~~

19 ~~(f))~~ Motor transportation, railroad, railroad car, and tugboat
20 businesses, and all public service businesses other than ones mentioned
21 above: One and (~~eight tenths~~) seventy-five hundredths of one
22 percent;

23 (~~g))~~ (e) Water distribution business: Four and seven-tenths
24 percent.

25 (2) An additional tax is imposed on the act or privilege of
26 engaging within this state in any one or more of the businesses
27 mentioned in subsection (1)(a) through (c), and (e) of this section
28 equal to the rate specified in RCW 82.02.030 multiplied by the tax
29 payable under subsection (1) of this section.

30 (3) Twenty percent of the moneys collected under subsection (1) of
31 this section on water distribution businesses and sixty percent of the
32 moneys collected under subsection (1) of this section on sewerage
33 collection businesses (~~shall~~) must be deposited in the public works
34 assistance account created in RCW 43.155.050(~~:- PROVIDED, That~~).
35 However, during the fiscal year 2011, twenty percent of the moneys
36 collected under subsection (1) of this section on water distribution

1 businesses and sixty percent of the moneys collected under subsection
2 (1) of this section on sewerage collection businesses must be deposited
3 in the general fund for general purpose expenditures.

4 **Part VI**

5 **Membership Dues and Fees**

6 **Sec. 601.** RCW 82.04.4282 and 2009 c 535 s 410 are each amended to
7 read as follows:

8 In computing tax there may be deducted from the measure of tax
9 amounts derived from bona fide (1) dues and initiation fees paid to
10 nonprofit organizations exempt from the federal income tax under Title
11 26 U.S.C. Sec. 501(c)(3), (c)(4), (c)(5), (c)(6), (c)(8), (c)(10), or
12 (c)(19) of the federal internal revenue code, as amended as of January
13 1, 2013, (2) (~~dues,~~(3)) contributions, ((+4)) (3) donations,
14 ((+5)) (4) tuition fees, ((+6)) (5) charges made by a nonprofit trade
15 or professional organization for attending or occupying space at a
16 trade show, convention, or educational seminar sponsored by the
17 nonprofit trade or professional organization, which trade show,
18 convention, or educational seminar is not open to the general public,
19 ((+7)) (6) charges made for operation of privately operated
20 kindergartens, and ((+8)) (7) endowment funds. This section may not
21 be construed to exempt any person, association, or society from tax
22 liability upon selling tangible personal property, digital goods,
23 digital codes, or digital automated services, or upon providing
24 facilities or other services for which a special charge is made to
25 members or others. If dues are in exchange for any significant amount
26 of goods or services rendered by the recipient thereof to members
27 without any additional charge to the member, or if the dues are
28 graduated upon the amount of goods or services rendered, the value of
29 such goods or services (~~shall~~) is not ((be)) considered as a
30 deduction under this section.

31 **Part VII**

32 **Public Utility Tax Deduction for Irrigation**

33 **Sec. 701.** RCW 82.16.050 and 2007 c 330 s 1 are each amended to
34 read as follows:

1 In computing tax there may be deducted from the gross income the
2 following items:

3 (1) Amounts derived by municipally owned or operated public service
4 businesses, directly from taxes levied for the support or maintenance
5 thereof. This subsection may not be construed to exempt service
6 charges which are spread on the property tax rolls and collected as
7 taxes;

8 (2) Amounts derived from the sale of commodities to persons in the
9 same public service business as the seller, for resale as such within
10 this state. This deduction is allowed only with respect to water
11 distribution, gas distribution or other public service businesses which
12 furnish water, gas or any other commodity in the performance of public
13 service businesses;

14 (3) Amounts actually paid by a taxpayer to another person taxable
15 under this chapter as the latter's portion of the consideration due for
16 services furnished jointly by both, if the total amount has been
17 credited to and appears in the gross income reported for tax by the
18 former;

19 (4) The amount of cash discount actually taken by the purchaser or
20 customer;

21 (5) The amount of bad debts, as that term is used in 26 U.S.C. Sec.
22 166, as amended or renumbered as of January 1, 2003, on which tax was
23 previously paid under this chapter;

24 (6) Amounts derived from business which the state is prohibited
25 from taxing under the Constitution of this state or the Constitution or
26 laws of the United States;

27 (7) Amounts derived from the distribution of water through an
28 irrigation system, for (~~irrigation~~) agricultural purposes;

29 (8) Amounts derived from the transportation of commodities from
30 points of origin in this state to final destination outside this state,
31 or from points of origin outside this state to final destination in
32 this state, with respect to which the carrier grants to the shipper the
33 privilege of stopping the shipment in transit at some point in this
34 state for the purpose of storing, manufacturing, milling, or other
35 processing, and thereafter forwards the same commodity, or its
36 equivalent, in the same or converted form, under a through freight rate
37 from point of origin to final destination;

1 (9) Amounts derived from the transportation of commodities from
2 points of origin in the state to an export elevator, wharf, dock or
3 ship side on tidewater or its navigable tributaries to be forwarded,
4 without intervening transportation, by vessel, in their original form,
5 to interstate or foreign destinations. No deduction is allowed under
6 this subsection when the point of origin and the point of delivery to
7 the export elevator, wharf, dock, or ship side are located within the
8 corporate limits of the same city or town;

9 (10) Amounts derived from the transportation of agricultural
10 commodities, not including manufactured substances or articles, from
11 points of origin in the state to interim storage facilities in this
12 state for transshipment, without intervening transportation, to an
13 export elevator, wharf, dock, or ship side on tidewater or its
14 navigable tributaries to be forwarded, without intervening
15 transportation, by vessel, in their original form, to interstate or
16 foreign destinations. If agricultural commodities are transshipped
17 from interim storage facilities in this state to storage facilities at
18 a port on tidewater or its navigable tributaries, the same agricultural
19 commodity dealer must operate both the interim storage facilities and
20 the storage facilities at the port.

21 (a) The deduction under this subsection is available only when the
22 person claiming the deduction obtains a certificate from the
23 agricultural commodity dealer operating the interim storage facilities,
24 in a form and manner prescribed by the department, certifying that:

25 (i) More than ninety-six percent of all of the type of agricultural
26 commodity delivered by the person claiming the deduction under this
27 subsection and delivered by all other persons to the dealer's interim
28 storage facilities during the preceding calendar year was shipped by
29 vessel in original form to interstate or foreign destinations; and

30 (ii) Any of the agricultural commodity that is transshipped to
31 ports on tidewater or its navigable tributaries will be received at
32 storage facilities operated by the same agricultural commodity dealer
33 and will be shipped from such facilities, without intervening
34 transportation, by vessel, in their original form, to interstate or
35 foreign destinations.

36 (b) As used in this subsection, "agricultural commodity" has the
37 same meaning as agricultural product in RCW 82.04.213;

1 (11) Amounts derived from the production, sale, or transfer of
2 electrical energy for resale within or outside the state or for
3 consumption outside the state;

4 (12) Amounts derived from the distribution of water by a nonprofit
5 water association and used for capital improvements by that nonprofit
6 water association;

7 (13) Amounts paid by a sewerage collection business taxable under
8 RCW 82.16.020(1)(a) to a person taxable under chapter 82.04 RCW for the
9 treatment or disposal of sewage;

10 (14) Amounts derived from fees or charges imposed on persons for
11 transit services provided by a public transportation agency. For the
12 purposes of this subsection, "public transportation agency" means a
13 municipality, as defined in RCW 35.58.272, and urban public
14 transportation systems, as defined in RCW 47.04.082. Public
15 transportation agencies (~~shall~~) must spend an amount equal to the
16 reduction in tax provided by this tax deduction solely to adjust routes
17 to improve access for citizens using food banks and senior citizen
18 services or to extend or add new routes to assist low-income citizens
19 and seniors.

20 **Part VIII**

21 **Fraternal Benefit Societies**

22 **Sec. 801.** RCW 48.36A.240 and 1987 c 366 s 24 are each amended to
23 read as follows:

24 Every society organized or licensed under this chapter that is
25 organized as a nonprofit organization, corporation, or association and
26 serves low-income communities is hereby declared to be a charitable and
27 benevolent institution, and all of its funds (~~shall be~~) is exempt
28 from all and every state, county, district, municipal, and school tax,
29 other than taxes on real estate and office equipment.

30 **Part IX**

31 **Tax Exemption Repeals**

32 NEW SECTION. **Sec. 901.** The following acts or parts of acts are
33 each repealed:

- 1 (1) RCW 82.04.350 (Exemptions--Racing) and 2005 c 369 s 7 & 1961 c
2 15 s 82.04.350;
- 3 (2) RCW 82.08.0257 (Exemptions--Auction sales of personal property
4 used in farming) and 2009 c 535 s 511 & 1980 c 37 s 25;
- 5 (3) RCW 84.36.130 (Airport property in this state for smaller
6 airports belonging to municipalities of adjoining states) and 1998 c
7 201 s 1 1961 c 15 s 84.36.130; and
- 8 (4) RCW 82.04.4289 (Exemption--Compensation for patient services or
9 attendant sales of drugs dispensed pursuant to prescription by certain
10 nonprofit organizations) and 2003 c 168 s 402, 1998 c 325 s 1, 1993 c
11 492 s 305, 1981 c 178 s 2, & 1980 c 37 s 10.

12 **Part X**

13 **Miscellaneous Provisions**

14 **Sec. 1001.** RCW 82.32.790 and 2010 c 114 s 201 and 2010 c 106 s 401
15 are each reenacted and amended to read as follows:

16 (1)(a) Section 202, chapter . . . , Laws of 2013 (section 202 of
17 this act), section 206, chapter 106, Laws of 2010, sections 104, 110,
18 117, 123, 125, 129, 131, and 150, chapter 114, Laws of 2010, section 3,
19 chapter 461, Laws of 2009, section 7, chapter 300, Laws of 2006, and
20 section 4, chapter 149, Laws of 2003 are contingent upon the siting and
21 commercial operation of a significant semiconductor microchip
22 fabrication facility in the state of Washington.

23 (b) For the purposes of this section:

24 (i) "Commercial operation" means the same as "commencement of
25 commercial production" as used in RCW 82.08.965.

26 (ii) "Semiconductor microchip fabrication" means "manufacturing
27 semiconductor microchips" as defined in RCW 82.04.426.

28 (iii) "Significant" means the combined investment of new buildings
29 and new machinery and equipment in the buildings, at the commencement
30 of commercial production, will be at least one billion dollars.

31 (2) Chapter 149, Laws of 2003 takes effect the first day of the
32 month in which a contract for the construction of a significant
33 semiconductor fabrication facility is signed, as determined by the
34 director of the department of revenue.

35 (3)(a) The department of revenue must provide notice of the
36 effective date of sections 104, 110, 117, 123, 125, 129, 131, and 150,

1 chapter 114, Laws of 2010(~~(+)~~), section 3, chapter 461, Laws of 2009,
2 section 7, chapter 300, Laws of 2006, and section 4, chapter 149, Laws
3 of 2003 to affected taxpayers, the legislature, and others as deemed
4 appropriate by the department.

5 (b) If, after making a determination that a contract has been
6 signed and chapter 149, Laws of 2003 is effective, the department
7 discovers that commencement of commercial production did not take place
8 within three years of the date the contract was signed, the department
9 must make a determination that chapter 149, Laws of 2003 is no longer
10 effective, and all taxes that would have been otherwise due are deemed
11 deferred taxes and are immediately assessed and payable from any person
12 reporting tax under RCW 82.04.240(2) or claiming an exemption or credit
13 under section 2 or 5 through 10, chapter 149, Laws of 2003. The
14 department is not authorized to make a second determination regarding
15 the effective date of chapter 149, Laws of 2003.

16 NEW SECTION. **Sec. 1002.** Section 201 of this act expires on the
17 date that section 202 of this act takes effect.

18 NEW SECTION. **Sec. 1003.** Section 202 of this act takes effect if
19 the contingency in section 1001 of this act occurs.

20 NEW SECTION. **Sec. 1004.** Section 203 of this act is necessary for
21 the immediate preservation of the public peace, health, or safety, or
22 support of the state government and its existing public institutions,
23 and takes effect July 1, 2013.

24 NEW SECTION. **Sec. 1005.** Except for sections 202 and 203 of this
25 act, this act takes effect January 1, 2015.

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