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**SUBSTITUTE HOUSE BILL 2001**

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**State of Washington**                      **65th Legislature**                      **2018 Regular Session**

**By** House Finance (originally sponsored by Representative Nealey)

READ FIRST TIME 01/29/18.

1            AN ACT Relating to taxes on in-state broadcasters; amending RCW  
2 82.04.280 and 82.32.790; and providing a contingent effective date.

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

4            **Sec. 1.** RCW 82.04.280 and 2017 c 323 s 508 are each amended to  
5 read as follows:

6            (1) Upon every person engaging within this state in the business  
7 of: (a) Printing materials other than newspapers, and of publishing  
8 periodicals or magazines; (b) building, repairing or improving any  
9 street, place, road, highway, easement, right-of-way, mass public  
10 transportation terminal or parking facility, bridge, tunnel, or  
11 trestle which is owned by a municipal corporation or political  
12 subdivision of the state or by the United States and which is used or  
13 to be used, primarily for foot or vehicular traffic including mass  
14 transportation vehicles of any kind and including any readjustment,  
15 reconstruction or relocation of the facilities of any public, private  
16 or cooperatively owned utility or railroad in the course of such  
17 building, repairing or improving, the cost of which readjustment,  
18 reconstruction, or relocation, is the responsibility of the public  
19 authority whose street, place, road, highway, easement, right-of-way,  
20 mass public transportation terminal or parking facility, bridge,  
21 tunnel, or trestle is being built, repaired or improved; (c)

1 extracting for hire or processing for hire, except persons taxable as  
2 extractors for hire or processors for hire under another section of  
3 this chapter; (d) operating a cold storage warehouse or storage  
4 warehouse, but not including the rental of cold storage lockers; (e)  
5 representing and performing services for fire or casualty insurance  
6 companies as an independent resident managing general agent licensed  
7 under the provisions of chapter 48.17 RCW; (f) radio and television  
8 broadcasting, (~~excluding network, national and regional advertising~~  
9 ~~computed as a standard deduction based on the national average~~  
10 ~~thereof as annually reported by the federal communications~~  
11 ~~commission, or in lieu thereof by itemization by the individual~~  
12 ~~broadcasting station, and excluding that portion of revenue~~  
13 ~~represented by the out-of-state audience computed as a ratio to the~~  
14 ~~station's total audience as measured by the 100 micro-volt signal~~  
15 ~~strength and delivery by wire)) but excluding revenues from network,  
16 national, and regional advertising computed either: (i) As a standard  
17 deduction that the department must publish by rule by September 30,  
18 2018, and by September 30th of every fifth year thereafter, based on  
19 the national average thereof as reported by the United States census  
20 bureau's economic census; or (ii) in lieu thereof by itemization by  
21 the individual broadcasting station, and excluding that portion of  
22 revenue represented by the out-of-state audience computed as a ratio  
23 to the broadcasting station's total audience as measured by the .5  
24 millivolt/meter signal strength contour for AM radio, the one  
25 millivolt/meter or sixty dBu signal strength contour for FM radio,  
26 the twenty-eight dBu signal strength contour for television channels  
27 two through six, the thirty-six dBu signal strength contour for  
28 television channels seven through thirteen, and the forty-one dBu  
29 signal strength contour for television channels fourteen through  
30 sixty-nine with delivery by wire, satellite, or any other means, if  
31 any; (g) engaging in activities which bring a person within the  
32 definition of consumer contained in RCW 82.04.190(6); as to such  
33 persons, the amount of tax on such business is equal to the gross  
34 income of the business multiplied by the rate of 0.484 percent.~~

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

37 (a) "Cold storage warehouse" means a storage warehouse used to  
38 store fresh and/or frozen perishable fruits or vegetables, meat,  
39 seafood, dairy products, or fowl, or any combination thereof, at a

1 desired temperature to maintain the quality of the product for  
2 orderly marketing.

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

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

17 **Sec. 2.** RCW 82.32.790 and 2017 3rd sp.s. c 37 s 526 are each  
18 amended to read as follows:

19 (1)(a) Section 2, chapter . . ., Laws of 2018 (section 2 of this  
20 act), sections 510, 512, 514, 516, 518, 520, 522, and 524, chapter  
21 37, Laws of 2017 3rd sp. sess., sections 9, 13, 17, 22, 24, 30, 32,  
22 and 45, chapter 135, Laws of 2017, sections 104, 110, 117, 123, 125,  
23 129, 131, and 150, chapter 114, Laws of 2010, and sections 1, 2, 3,  
24 and 5 through 10, chapter 149, Laws of 2003 are contingent upon the  
25 siting and commercial operation of a significant semiconductor  
26 microchip fabrication facility in the state of Washington by January  
27 1, 2024.

28 (b) For the purposes of this section:

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

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

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

37 (2) The sections referenced in subsection (1) of this section  
38 take effect the first day of the month in which a contract for the  
39 construction of a significant semiconductor fabrication facility is

1 signed, if the contract is signed and received by January 1, 2024, as  
2 determined by the director of the department of revenue.

3 (3)(a) The department of revenue must provide notice of the  
4 effective date of the sections referenced in subsection (1) of this  
5 section to affected taxpayers, the legislature, and others as deemed  
6 appropriate by the department.

7 (b) If, after making a determination that a contract has been  
8 signed and the sections referenced in subsection (1) of this section  
9 are effective, the department discovers that commencement of  
10 commercial production did not take place within three years of the  
11 date the contract was signed, the department must make a  
12 determination that chapter 149, Laws of 2003 is no longer effective,  
13 and all taxes that would have been otherwise due are deemed deferred  
14 taxes and are immediately assessed and payable from any person  
15 reporting tax under RCW 82.04.240(2) or claiming an exemption or  
16 credit under RCW 82.04.426, 82.04.448, 82.08.965, 82.12.965,  
17 82.08.970, 82.12.970, or 84.36.645. The department is not authorized  
18 to make a second determination regarding the effective date of the  
19 sections referenced in subsection (1) of this section.

20 (4)(a) This section expires January 1, 2024, if the contingency  
21 in subsection (2) of this section does not occur by January 1, 2024,  
22 as determined by the department.

23 (b) The department must provide written notice of the expiration  
24 date of this section and the sections referenced in subsection (1) of  
25 this section to affected taxpayers, the legislature, and others as  
26 deemed appropriate by the department.

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