
SENATE BILL 5990

State of Washington

66th Legislature

2019 Regular Session

By Senators Rolfes and Conway

Read first time 03/21/19. Referred to Committee on Ways & Means.

1 AN ACT Relating to creating the safety net assessment to fund
2 services for people with developmental disabilities; amending RCW
3 82.16.010 and 82.16.020; adding a new section to chapter 71A.12 RCW;
4 creating a new section; providing a contingent expiration date; and
5 declaring an emergency.

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

7 **Sec. 1.** RCW 82.16.010 and 2015 3rd sp.s. c 6 s 702 are each
8 amended to read as follows:

9 ~~((For the purposes of this chapter, unless otherwise required by~~
10 ~~the context:)) The definitions in this section apply throughout this
11 chapter unless the context clearly requires otherwise.~~

12 (1) "Community residential service business" means a business
13 that:

14 (a) Is licensed or certified by the department of social and
15 health services to provide to individuals who have a developmental
16 disability as defined in RCW 71A.10.020:

17 (i) Group home services;

18 (ii) Group training home services;

19 (iii) Supported living services; or

20 (iv) Voluntary placement services provided in a licensed staff
21 residential facility for children; and

1 (b) Has a contract with the division of developmental
2 disabilities to provide the services identified in (a) of this
3 subsection.

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

8 ~~((2))~~ (3) "Gas distribution business" means the business of
9 operating a plant or system for the production or distribution for
10 hire or sale of gas, whether manufactured or natural.

11 ~~((3))~~ (4) "Gross income" means the value proceeding or accruing
12 from the performance of the particular public service or
13 transportation business involved, including operations incidental
14 thereto, but without any deduction on account of the cost of the
15 commodity furnished or sold, the cost of materials used, labor costs,
16 interest, discount, delivery costs, taxes, or any other expense
17 whatsoever paid or accrued and without any deduction on account of
18 losses.

19 ~~((4))~~ (5) "Light and power business" means the business of
20 operating a plant or system for the generation, production or
21 distribution of electrical energy for hire or sale and/or for the
22 wheeling of electricity for others.

23 ~~((5))~~ (6) "Log transportation business" means the business of
24 transporting logs by truck, except when such transportation meets the
25 definition of urban transportation business or occurs exclusively
26 upon private roads.

27 ~~((6))~~ (7) "Motor transportation business" means the business
28 (except urban transportation business) of operating any motor
29 propelled vehicle by which persons or property of others are conveyed
30 for hire, and includes, but is not limited to, the operation of any
31 motor propelled vehicle as an auto transportation company (except
32 urban transportation business), common carrier, or contract carrier
33 as defined by RCW 81.68.010 and 81.80.010. However, "motor
34 transportation business" does not mean or include: (a) A log
35 transportation business; or (b) the transportation of logs or other
36 forest products exclusively upon private roads or private highways.

37 ~~((7))~~ (8)(a) "Public service business" means any of the
38 businesses defined in subsections (1), (2), (4), (6), (8), (9), (10),
39 (12), ~~((and))~~ (13), and (14) of this section or any business subject
40 to control by the state, or having the powers of eminent domain and

1 the duties incident thereto, or any business hereafter declared by
2 the legislature to be of a public service nature, except telephone
3 business and low-level radioactive waste site operating companies as
4 redefined in RCW 81.04.010. It includes, among others, without
5 limiting the scope hereof: Airplane transportation, boom, dock,
6 ferry, pipe line, toll bridge, toll logging road, water
7 transportation and wharf businesses.

8 (b) The definitions in this subsection (~~((7))~~) (8)(b) apply
9 throughout this subsection (~~((7))~~) (8).

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

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

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

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

33 (~~((8))~~) (9) "Railroad business" means the business of operating
34 any railroad, by whatever power operated, for public use in the
35 conveyance of persons or property for hire. It (~~(shall)~~) does not,
36 however, include any business herein defined as an urban
37 transportation business.

38 (~~((9))~~) (10) "Railroad car business" means the business of
39 operating stock cars, furniture cars, refrigerator cars, fruit cars,
40 poultry cars, tank cars, sleeping cars, parlor cars, buffet cars,

1 tourist cars, or any other kinds of cars used for transportation of
2 property or persons upon the line of any railroad operated in this
3 state when such railroad is not owned or leased by the person
4 engaging in such business.

5 ~~((10))~~ (11) "Telegraph business" means the business of
6 affording telegraphic communication for hire.

7 ~~((11))~~ (12) "Tugboat business" means the business of operating
8 tugboats, towboats, wharf boats or similar vessels in the towing or
9 pushing of vessels, barges or rafts for hire.

10 ~~((12))~~ (13) "Urban transportation business" means the business
11 of operating any vehicle for public use in the conveyance of persons
12 or property for hire, insofar as (a) operating entirely within the
13 corporate limits of any city or town, or within five miles of the
14 corporate limits thereof, or (b) operating entirely within and
15 between cities and towns whose corporate limits are not more than
16 five miles apart or within five miles of the corporate limits of
17 either thereof. Included herein, but without limiting the scope
18 hereof, is the business of operating passenger vehicles of every type
19 and also the business of operating cartage, pickup, or delivery
20 services, including in such services the collection and distribution
21 of property arriving from or destined to a point within or without
22 the state, whether or not such collection or distribution be made by
23 the person performing a local or interstate line-haul of such
24 property.

25 ~~((13))~~ (14) "Water distribution business" means the business of
26 operating a plant or system for the distribution of water for hire or
27 sale.

28 ~~((14))~~ (15) The meaning attributed, in chapter 82.04 RCW, to
29 the term "tax year," "person," "value proceeding or accruing,"
30 "business," "engaging in business," "in this state," "within this
31 state," "cash discount" and "successor" (~~shall apply~~) applies
32 equally in the provisions of this chapter.

33 **Sec. 2.** RCW 82.16.020 and 2017 3rd sp.s. c 10 s 14 are each
34 amended to read as follows:

35 (1) There is levied and collected from every person a tax for the
36 act or privilege of engaging within this state in any one or more of
37 the businesses herein mentioned. The tax is equal to the gross income
38 of the business, multiplied by the rate set out after the business,
39 as follows:

- 1 (a) Express, sewerage collection, and telegraph businesses: Three
2 and six-tenths percent;
- 3 (b) Light and power business: Three and sixty-two one-hundredths
4 percent;
- 5 (c) Gas distribution business: Three and six-tenths percent;
- 6 (d) Urban transportation business: Six-tenths of one percent;
- 7 (e) Vessels under sixty-five feet in length, except tugboats,
8 operating upon the waters within the state: Six-tenths of one
9 percent;
- 10 (f) Motor transportation, railroad, railroad car, and tugboat
11 businesses, and all public service businesses other than ones
12 mentioned above: One and eight-tenths of one percent;
- 13 (g) Water distribution business: Four and seven-tenths percent;
- 14 (h) Log transportation business: One and twenty-eight one-
15 hundredths percent. The reduced rate established in this subsection
16 (1)(h) is not subject to the ten-year expiration provision in RCW
17 82.32.805(1)(a);
- 18 (i) Community residential service business: Four and seven-tenths
19 percent.
- 20 (2) An additional tax is imposed equal to the rate specified in
21 RCW 82.02.030 multiplied by the tax payable under subsection (1) of
22 this section.
- 23 (3) Twenty percent of the moneys collected under subsection (1)
24 of this section on water distribution businesses and sixty percent of
25 the moneys collected under subsection (1) of this section on sewerage
26 collection businesses must be deposited in the education legacy trust
27 account created in RCW 83.100.230 from July 1, 2013, through June 30,
28 2023, and thereafter in the public works assistance account created
29 in RCW 43.155.050.
- 30 (4)(a) One hundred percent of the moneys collected under
31 subsection (1)(i) of this section must be deposited in the
32 developmental disabilities community residential investment account
33 created in section 3 of this act.
- 34 (b) The tax imposed under subsection (1)(i) of this section must
35 be administered as provided in RCW 82.16.080.
- 36 (5) The tax imposed under subsection (1)(i) of this section is
37 subject to the contingency in section 5 of this act.

38 NEW SECTION. **Sec. 3.** A new section is added to chapter 71A.12
39 RCW to read as follows:

1 (1) The developmental disabilities community residential
2 investment account is created in the state treasury. All receipts
3 from the tax imposed under RCW 82.16.020(1)(i) must be deposited into
4 the account. Moneys in the account may be spent only after
5 appropriation. Expenditures from the account may only be used for
6 payments to community residential service businesses.

7 (2) Payment rates established by the department for community
8 residential service businesses must include the cost of all taxes
9 imposed on community residential service businesses under chapter
10 82.16 RCW.

11 NEW SECTION. **Sec. 4.** By June 30, 2024, the joint legislative
12 audit and review committee, in consultation with the department of
13 social and health services and the department of revenue, must
14 conduct a review of the taxes imposed by this act on community
15 residential service businesses. In this review, the committee must
16 consult with a broad range of interested stakeholders. The review
17 must consider issues including benefits of the tax, compliance with
18 the tax, any determinations by the centers for medicaid and medicare
19 services regarding the tax, administrative costs, other
20 administrative issues, and other issues deemed appropriate. The
21 committee must report to the legislature, in compliance with RCW
22 43.01.036, on its findings and any recommendations related to the
23 taxes imposed in this act and related services funded by these taxes
24 by December 1, 2024.

25 NEW SECTION. **Sec. 5.** (1) Section 2, chapter . . ., Laws of 2019
26 (section 2 of this act) expires on the earliest date that any of the
27 following occur:

28 (a) An appellate court or the centers for medicare and medicaid
29 services make a final determination that any element of this act may
30 not be validly implemented; or

31 (b) Funds generated by the tax for payments to community
32 residential service businesses are determined to be not eligible for
33 federal matching funds in addition to those federal funds that would
34 be received without the tax.

35 (2) If section 2, chapter . . ., Laws of 2019 (section 2 of this
36 act) expires, any moneys remaining in the fund created in section 3
37 of this act must be refunded to taxpayers in proportion to the
38 amounts paid by such taxpayers.

1 (3) The department of revenue must provide written notice of the
2 expiration date of section 2, chapter . . ., Laws of 2019 (section 2
3 of this act) to affected parties, the chief clerk of the house of
4 representatives, the secretary of the senate, the office of the code
5 reviser, the office of financial management, the legislative fiscal
6 committees, and others as deemed appropriate by the department.

7 NEW SECTION. **Sec. 6.** This act is necessary for the immediate
8 preservation of the public peace, health, or safety, or support of
9 the state government and its existing public institutions, and takes
10 effect immediately.

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