

CERTIFICATION OF ENROLLMENT

**ENGROSSED THIRD SUBSTITUTE HOUSE BILL 1324**

Chapter 336, Laws of 2019

(partial veto)

66th Legislature  
2019 Regular Session

RURAL DEVELOPMENT--VARIOUS PROVISIONS

EFFECTIVE DATE: July 28, 2019

Passed by the House April 24, 2019  
Yeas 94 Nays 0

FRANK CHOPP

**Speaker of the House of Representatives**

Passed by the Senate April 22, 2019  
Yeas 40 Nays 9

CYRUS HABIB

**President of the Senate**

Approved May 9, 2019 2:47 PM with the  
exception of sections 2 and 7, which  
are vetoed.

JAY INSLEE

**Governor of the State of Washington**

CERTIFICATE

I, Bernard Dean, Chief Clerk of the  
House of Representatives of the  
State of Washington, do hereby  
certify that the attached is  
**ENGROSSED THIRD SUBSTITUTE HOUSE  
BILL 1324** as passed by the House of  
Representatives and the Senate on  
the dates hereon set forth.

BERNARD DEAN

**Chief Clerk**

FILED

May 13, 2019

**Secretary of State  
State of Washington**

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ENGROSSED THIRD SUBSTITUTE HOUSE BILL 1324

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AS AMENDED BY THE SENATE

Passed Legislature - 2019 Regular Session

**State of Washington                      66th Legislature                      2019 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Chapman, Maycumber, Springer, Chandler, Blake, Stokesbary, Steele, Reeves, Pettigrew, Dolan, Volz, Barkis, Eslick, Lekanoff, Tharinger, Hoff, Jinkins, Kilduff, and Leavitt)

READ FIRST TIME 03/01/19.

1            AN ACT Relating to creating the Washington rural development and  
2 opportunity zone act; amending RCW 82.04.260 and 82.04.261; creating  
3 new sections; and providing an expiration date.

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

5            NEW SECTION.    **Sec. 1.**    The legislature finds that while many  
6 parts of the state are thriving economically, some rural and  
7 distressed communities have struggled to keep pace. These communities  
8 represent significant opportunity for economic growth and innovation.  
9 However, businesses and entrepreneurs often find it difficult to  
10 obtain the capital they need to expand and grow in these areas.  
11 Therefore, it is the intent of the legislature to study the creation  
12 of a program to incentivize private investments and job creation in  
13 rural and distressed communities while ensuring no loss of revenue to  
14 the state.

15            \*NEW SECTION.    **Sec. 2.**    *(1) The Washington state institute for*  
16 *public policy must conduct a study on certain programs incentivizing*  
17 *private investment and job creation in rural and distressed*  
18 *communities. In conducting the study, the institute must:*

19            *(a) Conduct a fifty-state review on the structure and*  
20 *characteristics of certified capital company programs, new markets*

1 *tax credit programs, rural jobs programs, and other similar economic*  
2 *development programs in other states; and*

3 *(b) Review any available research on these initiatives and, to*  
4 *the extent possible, describe the effects of each type of initiative*  
5 *on employment, earnings, property values, and job creation.*

6 *(2) The Washington state institute for public policy must submit*  
7 *a report on its findings to the appropriate committees of the*  
8 *legislature, in compliance with RCW 43.01.036, by July 1, 2020.*

*\*Sec. 2 was vetoed. See message at end of chapter.*

9 NEW SECTION. **Sec. 3.** (1) The legislature finds that the  
10 Washington state forest practices habitat conservation plan was  
11 approved in 2006 by the United States fish and wildlife service and  
12 the national oceanic and atmospheric administration's marine  
13 fisheries service. The legislature further finds that the  
14 conservation plan protects habitat of aquatic species, supports  
15 economically viable and healthy forests, and creates regulatory  
16 stability for landowners. The legislature further finds that funding  
17 for the adaptive management program and participation grants are  
18 required to implement the forest and fish agreement and meet the  
19 goals of the conservation plan. The legislature further finds that  
20 the surcharge on the timber products business and occupation tax rate  
21 was agreed to by the forest products industry, tribal leaders, and  
22 stakeholders as a way to provide funding and safeguard the future of  
23 the conservation plan. The legislature further finds that the  
24 forestry industry assumed significant financial obligation with the  
25 enactment of this conservation plan, in exchange for operational  
26 certainty under the endangered species act. Therefore, the  
27 legislature concludes that the timber products business and  
28 occupation tax rate and the surcharge should continue until the  
29 expiration date of the forest and fish agreement, in 2056.

30 (2) The legislature finds that Washington has one of the  
31 strongest economies in the country. However, the local economies in  
32 some rural counties continue to struggle. The legislature further  
33 finds that the economic prosperity of our state must be shared by all  
34 of our communities. The legislature further finds that forest product  
35 sectors provide family-wage jobs in economically struggling areas of  
36 the state. The legislature further finds that in 2017 the Washington  
37 forest products industry, directly and indirectly, employed one  
38 hundred one thousand workers, earning 5.5 billion dollars in wages.

1 Therefore, the legislature concludes that the forest products  
2 industries support our local rural economies and contribute towards  
3 the effort to lower unemployment rates across the state, especially  
4 in rural areas.

5 **Sec. 4.** RCW 82.04.260 and 2018 c 164 s 3 are each amended to  
6 read as follows:

7 (1) Upon every person engaging within this state in the business  
8 of manufacturing:

9 (a) Wheat into flour, barley into pearl barley, soybeans into  
10 soybean oil, canola into canola oil, canola meal, or canola by-  
11 products, or sunflower seeds into sunflower oil; as to such persons  
12 the amount of tax with respect to such business is equal to the value  
13 of the flour, pearl barley, oil, canola meal, or canola by-product  
14 manufactured, multiplied by the rate of 0.138 percent;

15 (b) Beginning July 1, 2025, seafood products that remain in a  
16 raw, raw frozen, or raw salted state at the completion of the  
17 manufacturing by that person; or selling manufactured seafood  
18 products that remain in a raw, raw frozen, or raw salted state at the  
19 completion of the manufacturing, to purchasers who transport in the  
20 ordinary course of business the goods out of this state; as to such  
21 persons the amount of tax with respect to such business is equal to  
22 the value of the products manufactured or the gross proceeds derived  
23 from such sales, multiplied by the rate of 0.138 percent. Sellers  
24 must keep and preserve records for the period required by RCW  
25 82.32.070 establishing that the goods were transported by the  
26 purchaser in the ordinary course of business out of this state;

27 (c)(i) Except as provided otherwise in (c)(iii) of this  
28 subsection, from July 1, 2025, until January 1, 2036, dairy products;  
29 or selling dairy products that the person has manufactured to  
30 purchasers who either transport in the ordinary course of business  
31 the goods out of state or purchasers who use such dairy products as  
32 an ingredient or component in the manufacturing of a dairy product;  
33 as to such persons the tax imposed is equal to the value of the  
34 products manufactured or the gross proceeds derived from such sales  
35 multiplied by the rate of 0.138 percent. Sellers must keep and  
36 preserve records for the period required by RCW 82.32.070  
37 establishing that the goods were transported by the purchaser in the  
38 ordinary course of business out of this state or sold to a

1 manufacturer for use as an ingredient or component in the  
2 manufacturing of a dairy product.

3 (ii) For the purposes of this subsection (1)(c), "dairy products"  
4 means:

5 (A) Products, not including any marijuana-infused product, that  
6 as of September 20, 2001, are identified in 21 C.F.R., chapter 1,  
7 parts 131, 133, and 135, including by-products from the manufacturing  
8 of the dairy products, such as whey and casein; and

9 (B) Products comprised of not less than seventy percent dairy  
10 products that qualify under (c)(ii)(A) of this subsection, measured  
11 by weight or volume.

12 (iii) The preferential tax rate provided to taxpayers under this  
13 subsection (1)(c) does not apply to sales of dairy products on or  
14 after July 1, 2023, where a dairy product is used by the purchaser as  
15 an ingredient or component in the manufacturing in Washington of a  
16 dairy product;

17 (d)(i) Beginning July 1, 2025, fruits or vegetables by canning,  
18 preserving, freezing, processing, or dehydrating fresh fruits or  
19 vegetables, or selling at wholesale fruits or vegetables manufactured  
20 by the seller by canning, preserving, freezing, processing, or  
21 dehydrating fresh fruits or vegetables and sold to purchasers who  
22 transport in the ordinary course of business the goods out of this  
23 state; as to such persons the amount of tax with respect to such  
24 business is equal to the value of the products manufactured or the  
25 gross proceeds derived from such sales multiplied by the rate of  
26 0.138 percent. Sellers must keep and preserve records for the period  
27 required by RCW 82.32.070 establishing that the goods were  
28 transported by the purchaser in the ordinary course of business out  
29 of this state.

30 (ii) For purposes of this subsection (1)(d), "fruits" and  
31 "vegetables" do not include marijuana, useable marijuana, or  
32 marijuana-infused products; and

33 (e) Wood biomass fuel; as to such persons the amount of tax with  
34 respect to the business is equal to the value of wood biomass fuel  
35 manufactured, multiplied by the rate of 0.138 percent. For the  
36 purposes of this section, "wood biomass fuel" means a liquid or  
37 gaseous fuel that is produced from lignocellulosic feedstocks,  
38 including wood, forest, (~~(+or+)~~) or field residue(~~(-r)~~) and dedicated  
39 energy crops, and that does not include wood treated with chemical

1   preservations such as creosote, pentachlorophenol, or copper-chrome-  
2   arsenic.

3       (2) Upon every person engaging within this state in the business  
4   of splitting or processing dried peas; as to such persons the amount  
5   of tax with respect to such business is equal to the value of the  
6   peas split or processed, multiplied by the rate of 0.138 percent.

7       (3) Upon every nonprofit corporation and nonprofit association  
8   engaging within this state in research and development, as to such  
9   corporations and associations, the amount of tax with respect to such  
10  activities is equal to the gross income derived from such activities  
11  multiplied by the rate of 0.484 percent.

12      (4) Upon every person engaging within this state in the business  
13  of slaughtering, breaking and/or processing perishable meat products  
14  and/or selling the same at wholesale only and not at retail; as to  
15  such persons the tax imposed is equal to the gross proceeds derived  
16  from such sales multiplied by the rate of 0.138 percent.

17      (5) Upon every person engaging within this state in the business  
18  of acting as a travel agent or tour operator; as to such persons the  
19  amount of the tax with respect to such activities is equal to the  
20  gross income derived from such activities multiplied by the rate of  
21  0.275 percent.

22      (6) Upon every person engaging within this state in business as  
23  an international steamship agent, international customs house broker,  
24  international freight forwarder, vessel and/or cargo charter broker  
25  in foreign commerce, and/or international air cargo agent; as to such  
26  persons the amount of the tax with respect to only international  
27  activities is equal to the gross income derived from such activities  
28  multiplied by the rate of 0.275 percent.

29      (7) Upon every person engaging within this state in the business  
30  of stevedoring and associated activities pertinent to the movement of  
31  goods and commodities in waterborne interstate or foreign commerce;  
32  as to such persons the amount of tax with respect to such business is  
33  equal to the gross proceeds derived from such activities multiplied  
34  by the rate of 0.275 percent. Persons subject to taxation under this  
35  subsection are exempt from payment of taxes imposed by chapter 82.16  
36  RCW for that portion of their business subject to taxation under this  
37  subsection. Stevedoring and associated activities pertinent to the  
38  conduct of goods and commodities in waterborne interstate or foreign  
39  commerce are defined as all activities of a labor, service or  
40  transportation nature whereby cargo may be loaded or unloaded to or

1 from vessels or barges, passing over, onto or under a wharf, pier, or  
2 similar structure; cargo may be moved to a warehouse or similar  
3 holding or storage yard or area to await further movement in import  
4 or export or may move to a consolidation freight station and be  
5 stuffed, unstuffed, containerized, separated or otherwise segregated  
6 or aggregated for delivery or loaded on any mode of transportation  
7 for delivery to its consignee. Specific activities included in this  
8 definition are: Wharfage, handling, loading, unloading, moving of  
9 cargo to a convenient place of delivery to the consignee or a  
10 convenient place for further movement to export mode; documentation  
11 services in connection with the receipt, delivery, checking, care,  
12 custody and control of cargo required in the transfer of cargo;  
13 imported automobile handling prior to delivery to consignee; terminal  
14 stevedoring and incidental vessel services, including but not limited  
15 to plugging and unplugging refrigerator service to containers,  
16 trailers, and other refrigerated cargo receptacles, and securing ship  
17 hatch covers.

18 (8) (a) Upon every person engaging within this state in the  
19 business of disposing of low-level waste, as defined in RCW  
20 43.145.010; as to such persons the amount of the tax with respect to  
21 such business is equal to the gross income of the business, excluding  
22 any fees imposed under chapter 43.200 RCW, multiplied by the rate of  
23 3.3 percent.

24 (b) If the gross income of the taxpayer is attributable to  
25 activities both within and without this state, the gross income  
26 attributable to this state must be determined in accordance with the  
27 methods of apportionment required under RCW 82.04.460.

28 (9) Upon every person engaging within this state as an insurance  
29 producer or title insurance agent licensed under chapter 48.17 RCW or  
30 a surplus line broker licensed under chapter 48.15 RCW; as to such  
31 persons, the amount of the tax with respect to such licensed  
32 activities is equal to the gross income of such business multiplied  
33 by the rate of 0.484 percent.

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

1 (11)(a) Beginning October 1, 2005, upon every person engaging  
2 within this state in the business of manufacturing commercial  
3 airplanes, or components of such airplanes, or making sales, at  
4 retail or wholesale, of commercial airplanes or components of such  
5 airplanes, manufactured by the seller, as to such persons the amount  
6 of tax with respect to such business is, in the case of  
7 manufacturers, equal to the value of the product manufactured and the  
8 gross proceeds of sales of the product manufactured, or in the case  
9 of processors for hire, equal to the gross income of the business,  
10 multiplied by the rate of:

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

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

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

25 (c) For the purposes of this subsection (11), "commercial  
26 airplane" and "component" have the same meanings as provided in RCW  
27 82.32.550.

28 (d) In addition to all other requirements under this title, a  
29 person reporting under the tax rate provided in this subsection (11)  
30 must file a complete annual tax performance report with the  
31 department under RCW 82.32.534.

32 (e)(i) Except as provided in (e)(ii) of this subsection (11),  
33 this subsection (11) does not apply on and after July 1, 2040.

34 (ii) With respect to the manufacturing of commercial airplanes or  
35 making sales, at retail or wholesale, of commercial airplanes, this  
36 subsection (11) does not apply on and after July 1st of the year in  
37 which the department makes a determination that any final assembly or  
38 wing assembly of any version or variant of a commercial airplane that  
39 is the basis of a siting of a significant commercial airplane  
40 manufacturing program in the state under RCW 82.32.850 has been sited



1 outside the state of Washington. This subsection (11)(e)(ii) only  
2 applies to the manufacturing or sale of commercial airplanes that are  
3 the basis of a siting of a significant commercial airplane  
4 manufacturing program in the state under RCW 82.32.850.

5 (12)(a) Until July 1, (~~2024~~) 2045, upon every person engaging  
6 within this state in the business of extracting timber or extracting  
7 for hire timber; as to such persons the amount of tax with respect to  
8 the business is, in the case of extractors, equal to the value of  
9 products, including by-products, extracted, or in the case of  
10 extractors for hire, equal to the gross income of the business,  
11 multiplied by the rate of 0.4235 percent from July 1, 2006, through  
12 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,  
13 (~~2024~~) 2045.

14 (b) Until July 1, (~~2024~~) 2045, upon every person engaging  
15 within this state in the business of manufacturing or processing for  
16 hire: (i) Timber into timber products or wood products; (~~or~~) (ii)  
17 timber products into other timber products or wood products; or (iii)  
18 products defined in RCW 19.27.570(1); as to such persons the amount  
19 of the tax with respect to the business is, in the case of  
20 manufacturers, equal to the value of products, including by-products,  
21 manufactured, or in the case of processors for hire, equal to the  
22 gross income of the business, multiplied by the rate of 0.4235  
23 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent  
24 from July 1, 2007, through June 30, (~~2024~~) 2045.

25 (c) Until July 1, (~~2024~~) 2045, upon every person engaging  
26 within this state in the business of selling at wholesale: (i) Timber  
27 extracted by that person; (ii) timber products manufactured by that  
28 person from timber or other timber products; (~~or~~) (iii) wood  
29 products manufactured by that person from timber or timber products;  
30 or (iv) products defined in RCW 19.27.570(1) manufactured by that  
31 person as to such persons the amount of the tax with respect to the  
32 business is equal to the gross proceeds of sales of the timber,  
33 timber products, (~~or~~) wood products, or products defined in RCW  
34 19.27.570(1) multiplied by the rate of 0.4235 percent from July 1,  
35 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007,  
36 through June 30, (~~2024~~) 2045.

37 (d) Until July 1, (~~2024~~) 2045, upon every person engaging  
38 within this state in the business of selling standing timber; as to  
39 such persons the amount of the tax with respect to the business is  
40 equal to the gross income of the business multiplied by the rate of

1 0.2904 percent. For purposes of this subsection (12)(d), "selling  
2 standing timber" means the sale of timber apart from the land, where  
3 the buyer is required to sever the timber within thirty months from  
4 the date of the original contract, regardless of the method of  
5 payment for the timber and whether title to the timber transfers  
6 before, upon, or after severance.

7 (e) For purposes of this subsection, the following definitions  
8 apply:

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

13 (ii) "Paper and paper products" means products made of interwoven  
14 cellulosic fibers held together largely by hydrogen bonding. "Paper  
15 and paper products" includes newsprint; office, printing, fine, and  
16 pressure-sensitive papers; paper napkins, towels, and toilet tissue;  
17 kraft bag, construction, and other kraft industrial papers;  
18 paperboard, liquid packaging containers, containerboard, corrugated,  
19 and solid-fiber containers including linerboard and corrugated  
20 medium; and related types of cellulosic products containing  
21 primarily, by weight or volume, cellulosic materials. "Paper and  
22 paper products" does not include books, newspapers, magazines,  
23 periodicals, and other printed publications, advertising materials,  
24 calendars, and similar types of printed materials.

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

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

35 (v) "Timber products" means:

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

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

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

3 (vi) "Wood products" means paper and paper products; dimensional  
4 lumber; engineered wood products such as particleboard, oriented  
5 strand board, medium density fiberboard, and plywood; wood doors;  
6 wood windows; and biocomposite surface products.

7 (f) Except for small harvesters as defined in RCW 84.33.035, a  
8 person reporting under the tax rate provided in this subsection (12)  
9 must file a complete annual tax performance report with the  
10 department under RCW 82.32.534.

11 (g) Nothing in this subsection (12) may be construed to affect  
12 the taxation of any activity defined as a retail sale in RCW  
13 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW  
14 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

15 (13) Upon every person engaging within this state in inspecting,  
16 testing, labeling, and storing canned salmon owned by another person,  
17 as to such persons, the amount of tax with respect to such activities  
18 is equal to the gross income derived from such activities multiplied  
19 by the rate of 0.484 percent.

20 (14)(a) Upon every person engaging within this state in the  
21 business of printing a newspaper, publishing a newspaper, or both,  
22 the amount of tax on such business is equal to the gross income of  
23 the business multiplied by the rate of 0.35 percent until July 1,  
24 2024, and 0.484 percent thereafter.

25 (b) A person reporting under the tax rate provided in this  
26 subsection (14) must file a complete annual tax performance report  
27 with the department under RCW 82.32.534.

28 **Sec. 5.** RCW 82.04.261 and 2017 c 323 s 501 are each amended to  
29 read as follows:

30 (1) In addition to the taxes imposed under RCW 82.04.260(12), a  
31 surcharge is imposed on those persons who are subject to any of the  
32 taxes imposed under RCW 82.04.260(12). Except as otherwise provided  
33 in this section, the surcharge is equal to 0.052 percent. The  
34 surcharge is added to the rates provided in RCW 82.04.260(12) (a),  
35 (b), (c), and (d). ~~((The surcharge and this section expire July 1,~~  
36 ~~2024.))~~

37 (2) All receipts from the surcharge imposed under this section  
38 must be deposited into the forest and fish support account created in  
39 RCW 76.09.405, with any receipts above eight million dollars per

1 biennium specifically used as additional funding for tribal  
2 participation grants.

3 (3) (a) The surcharge imposed under this section is suspended if:

4 (i) Before July 1, 2024, receipts from the surcharge total at  
5 least eight million five hundred thousand dollars during any fiscal  
6 biennium; ((or))

7 ~~((The office of financial management certifies to the~~  
8 ~~department that the federal government has appropriated at least two~~  
9 ~~million dollars for participation in forest and fish report-related~~  
10 ~~activities by federally recognized Indian tribes located within the~~  
11 ~~geographical boundaries of the state of Washington for any federal~~  
12 ~~fiscal year.)) Between July 1, 2024, and July 30, 2029, receipts from~~  
13 the surcharge total at least nine million dollars during any fiscal  
14 biennium; and

15 (iii) After July 30, 2029, the receipts from the surcharge total  
16 at least nine million five hundred thousand dollars during any fiscal  
17 biennium.

18 (b) ~~((i))~~ The suspension of the surcharge under ~~((a)(i) of)~~  
19 this subsection (3) takes effect on the first day of the calendar  
20 month that is at least thirty days after the end of the month during  
21 which the department determines that receipts from the surcharge  
22 total ~~((at least eight million dollars))~~ the values specified in this  
23 subsection (3) during the fiscal biennium. The surcharge is imposed  
24 again at the beginning of the following fiscal biennium.

25 ~~((ii) The suspension of the surcharge under (a)(ii) of this~~  
26 ~~subsection (3) takes effect on the later of the first day of October~~  
27 ~~of any federal fiscal year for which the federal government~~  
28 ~~appropriates at least two million dollars for participation in forest~~  
29 ~~and fish report-related activities by federally recognized Indian~~  
30 ~~tribes located within the geographical boundaries of the state of~~  
31 ~~Washington, or the first day of a calendar month that is at least~~  
32 ~~thirty days following the date that the office of financial~~  
33 ~~management makes a certification to the department under subsection~~  
34 ~~(5) of this section. The surcharge is imposed again on the first day~~  
35 ~~of the following July.~~

36 ~~(4)(a) If, by October 1st of any federal fiscal year, the office~~  
37 ~~of financial management certifies to the department that the federal~~  
38 ~~government has appropriated funds for participation in forest and~~  
39 ~~fish report-related activities by federally recognized Indian tribes~~  
40 ~~located within the geographical boundaries of the state of Washington~~

1 ~~but the amount of the appropriation is less than two million dollars,~~  
2 ~~the department must adjust the surcharge in accordance with this~~  
3 ~~subsection.~~

4 ~~(b) The department must adjust the surcharge by an amount that~~  
5 ~~the department estimates will cause the amount of funds deposited~~  
6 ~~into the forest and fish support account for the state fiscal year~~  
7 ~~that begins July 1st and that includes the beginning of the federal~~  
8 ~~fiscal year for which the federal appropriation is made, to be~~  
9 ~~reduced by twice the amount of the federal appropriation for~~  
10 ~~participation in forest and fish report-related activities by~~  
11 ~~federally recognized Indian tribes located within the geographical~~  
12 ~~boundaries of the state of Washington.~~

13 ~~(c) Any adjustment in the surcharge takes effect at the beginning~~  
14 ~~of a calendar month that is at least thirty days after the date that~~  
15 ~~the office of financial management makes the certification under~~  
16 ~~subsection (5) of this section.~~

17 ~~(d) The surcharge is imposed again at the rate provided in~~  
18 ~~subsection (1) of this section on the first day of the following~~  
19 ~~state fiscal year unless the surcharge is suspended under subsection~~  
20 ~~(3) of this section or adjusted for that fiscal year under this~~  
21 ~~subsection.~~

22 ~~(e) Adjustments of the amount of the surcharge by the department~~  
23 ~~are final and may not be used to challenge the validity of the~~  
24 ~~surcharge imposed under this section.~~

25 ~~(f) The department must provide timely notice to affected~~  
26 ~~taxpayers of the suspension of the surcharge or an adjustment of the~~  
27 ~~surcharge.~~

28 ~~(5) The office of financial management must make the~~  
29 ~~certification to the department as to the status of federal~~  
30 ~~appropriations for tribal participation in forest and fish report-~~  
31 ~~related activities.) )~~

32 (4) This section expires July 1, 2045.

33 NEW SECTION. Sec. 6. The provisions of RCW 82.32.808 do not  
34 apply to sections 4 and 5 of this act.

35 **\*NEW SECTION. Sec. 7. *If specific funding for the purposes of***  
36 ***this act, referencing this act by bill or chapter number, is not***  
37 ***provided by June 30, 2019, in the omnibus appropriations act, this***  
38 ***act is null and void.***

**\*Sec. 7 was vetoed. See message at end of chapter.**

Passed by the House April 24, 2019.

Passed by the Senate April 22, 2019.

Approved by the Governor May 9, 2019, with the exception of certain items that were vetoed.

Filed in Office of Secretary of State May 13, 2019.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith, without my approval as to Sections 2 and 7, Engrossed Third Substitute House Bill No. 1324 entitled:

"AN ACT Relating to creating the Washington rural development and opportunity zone act."

This bill is critical for forest and fish programs and provides additional funding for tribal programs.

However, Section 2, which requires the Washington State Institute for Public Policy to conduct a fifty state review on programs that incentivize job creation and private investment in rural and distressed communities, was not funded in the budget. In addition, Section 7, the null and void clause, would void the entire bill if full funding is not provided. Because this bill is critical, I want the remainder of the bill to go into effect even if no funding is provided for some of its provisions.

For these reasons I have vetoed Sections 2 and 7 of Engrossed Third Substitute House Bill No. 1324.

With the exception of Sections 2 and 7, Engrossed Third Substitute House Bill No. 1324 is approved."

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