

CERTIFICATION OF ENROLLMENT

ENGROSSED SENATE BILL 6690

Chapter 165, Laws of 2020

66th Legislature
2020 Regular Session

AEROSPACE BUSINESS AND OCCUPATION TAXES--WORLD TRADE ORGANIZATION
COMPLIANCE

EFFECTIVE DATE: March 25, 2020

Passed by the Senate March 12, 2020
Yeas 45 Nays 4

CYRUS HABIB

President of the Senate

Passed by the House March 11, 2020
Yeas 73 Nays 24

LAURIE JINKINS

**Speaker of the House of
Representatives**

Approved March 25, 2020 3:52 PM

CERTIFICATE

I, Brad Hendrickson, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SENATE BILL 6690** as passed by the Senate and the House of Representatives on the dates hereon set forth.

BRAD HENDRICKSON

Secretary

FILED

March 26, 2020

JAY INSLEE

Governor of the State of Washington

**Secretary of State
State of Washington**

ENGROSSED SENATE BILL 6690

AS AMENDED BY THE HOUSE

Passed Legislature - 2020 Regular Session

State of Washington

66th Legislature

2020 Regular Session

By Senators Lias and King

1 AN ACT Relating to aerospace business and occupation taxes and
2 world trade organization compliance; reenacting and amending RCW
3 82.04.260; adding a new section to chapter 82.04 RCW; adding a new
4 section to chapter 51.04 RCW; creating new sections; and declaring an
5 emergency.

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

7 NEW SECTION. **Sec. 1.** (1) Over the past two decades, the
8 legislature has taken significant action to promote a positive
9 business environment for Washington's aerospace industry. The
10 legislature finds that the industry plays a significant role not only
11 in the health of Washington's economy, but also in the health of the
12 United States economy. Moreover, the domestic aerospace industry has
13 faced significant challenges with the large subsidies provided to
14 international competitors.

15 (2) The legislature finds that a commitment to the elimination of
16 trade barriers for aerospace as well as several other vital
17 Washington exports is important. The legislature also wishes to help
18 bring the United States into full compliance with a recent world
19 trade organization ruling asserting Washington's business and
20 occupation tax rate of 0.2904 percent violates world trade
21 organization rules. The legislature hopes this action to help bring

1 the United States into compliance will end the threat of retaliatory
2 tariffs against many of Washington's industries, including
3 agricultural products, fish, wine, and intellectual property.

4 (3) The legislature appreciates the state aerospace industry's
5 commitment to complying with the world trade organization ruling by
6 advocating for the repeal of the preferential business and occupation
7 tax. The legislature hopes that the repeal of this Washington
8 aerospace preference will ensure continued economic success and
9 competitiveness for the industry as well as many other industries.
10 The legislature further hopes that the repeal of the 0.2904 business
11 and occupation tax will allow for the complete resolution of all
12 trade disputes surrounding large civil aircraft.

13 (4) The legislature further finds that the people of Washington
14 benefit from the presence of the aerospace industry in Washington
15 state. The industry provides good wages and benefits for thousands of
16 engineers, technicians, mechanics, and support staff working across
17 the state. Furthermore, the legislature has a goal of preserving and
18 growing employment in Washington state. The legislature intends that
19 the future consideration of all tax measures will work to achieve
20 this goal in a manner compliant with the world trade organization.

21 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04
22 RCW to read as follows:

23 The rate of 0.357 percent authorized pursuant to RCW
24 82.04.260(11)(e) may be imposed only if the following conditions are
25 met:

26 (1) The department of commerce verifies with the United States
27 trade representative that the United States and the European Union
28 have entered into a written agreement that resolves any world trade
29 organization disputes involving large civil aircraft.

30 (2) Such agreement expressly allows a business and occupation tax
31 rate reduction for commercial airplane manufacturers to 0.357 percent
32 or less.

33 (3) The department of commerce notifies the department in writing
34 that the conditions of subsections (1) and (2) of this section are
35 met and provides a copy of the agreement between the United States
36 and the European Union or other document providing for the business
37 and occupation tax rate reduction to the department.

38 (4) The department of labor and industries notifies the
39 department in writing that a significant commercial airplane

1 manufacturer has at least a three-tenths of one percent aerospace
2 apprenticeship utilization rate of its qualified apprenticeable
3 workforce in Washington, as defined in section 4 of this act.

4 (5) Within thirty days of receiving the last of the written
5 notices described in subsections (3) and (4) of this section, the
6 department must provide written notice to the chief clerk of the
7 house of representatives, the secretary of the senate, the office of
8 the code reviser, and others as deemed appropriate by the department,
9 that the tax rates in RCW 82.04.260(11)(e) are reduced to 0.357
10 percent and the effective date of the rate reduction.

11 (6) Any rate reduction to 0.357 percent pursuant to this section
12 and RCW 82.04.260(11)(e) must occur on the first day of the next
13 calendar quarter that is at least sixty days after the department
14 receives the last of the written notices described in subsections (3)
15 and (4) of this section.

16 (7) For the purpose of this section, "world trade organization
17 disputes involving large civil airplanes" means any disputes filed by
18 the United States or the European Union prior to the effective date
19 of this section that involve either allegations of subsidies to large
20 civil airplanes, or allegations of taxes imposed by Washington on
21 commercial airplanes, or both.

22 **Sec. 3.** RCW 82.04.260 and 2019 c 425 s 1 and 2019 c 336 s 4 are
23 each reenacted and amended to read as follows:

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

26 (a) Wheat into flour, barley into pearl barley, soybeans into
27 soybean oil, canola into canola oil, canola meal, or canola by-
28 products, or sunflower seeds into sunflower oil; as to such persons
29 the amount of tax with respect to such business is equal to the value
30 of the flour, pearl barley, oil, canola meal, or canola by-product
31 manufactured, multiplied by the rate of 0.138 percent;

32 (b) Beginning July 1, 2025, seafood products that remain in a
33 raw, raw frozen, or raw salted state at the completion of the
34 manufacturing by that person; or selling manufactured seafood
35 products that remain in a raw, raw frozen, or raw salted state at the
36 completion of the manufacturing, to purchasers who transport in the
37 ordinary course of business the goods out of this state; as to such
38 persons the amount of tax with respect to such business is equal to
39 the value of the products manufactured or the gross proceeds derived

1 from such sales, multiplied by the rate of 0.138 percent. Sellers
2 must keep and preserve records for the period required by RCW
3 82.32.070 establishing that the goods were transported by the
4 purchaser in the ordinary course of business out of this state;

5 (c) (i) Except as provided otherwise in (c) (iii) of this
6 subsection, from July 1, 2025, until January 1, 2036, dairy products;
7 or selling dairy products that the person has manufactured to
8 purchasers who either transport in the ordinary course of business
9 the goods out of state or purchasers who use such dairy products as
10 an ingredient or component in the manufacturing of a dairy product;
11 as to such persons the tax imposed is equal to the value of the
12 products manufactured or the gross proceeds derived from such sales
13 multiplied by the rate of 0.138 percent. Sellers must keep and
14 preserve records for the period required by RCW 82.32.070
15 establishing that the goods were transported by the purchaser in the
16 ordinary course of business out of this state or sold to a
17 manufacturer for use as an ingredient or component in the
18 manufacturing of a dairy product.

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

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

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

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

33 (d) (i) Beginning July 1, 2025, fruits or vegetables by canning,
34 preserving, freezing, processing, or dehydrating fresh fruits or
35 vegetables, or selling at wholesale fruits or vegetables manufactured
36 by the seller by canning, preserving, freezing, processing, or
37 dehydrating fresh fruits or vegetables and sold to purchasers who
38 transport in the ordinary course of business the goods out of this
39 state; as to such persons the amount of tax with respect to such
40 business is equal to the value of the products manufactured or the

1 gross proceeds derived from such sales multiplied by the rate of
2 0.138 percent. Sellers must keep and preserve records for the period
3 required by RCW 82.32.070 establishing that the goods were
4 transported by the purchaser in the ordinary course of business out
5 of this state.

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

9 (e) Wood biomass fuel; as to such persons the amount of tax with
10 respect to the business is equal to the value of wood biomass fuel
11 manufactured, multiplied by the rate of 0.138 percent. For the
12 purposes of this section, "wood biomass fuel" means a liquid or
13 gaseous fuel that is produced from lignocellulosic feedstocks,
14 including wood, forest, or field residue and dedicated energy crops,
15 and that does not include wood treated with chemical preservations
16 such as creosote, pentachlorophenol, or copper-chrome-arsenic.

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

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

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

31 (5)(a) Upon every person engaging within this state in the
32 business of acting as a travel agent or tour operator and whose
33 annual taxable amount for the prior calendar year was two hundred
34 fifty thousand dollars or less; as to such persons the amount of the
35 tax with respect to such activities is equal to the gross income
36 derived from such activities multiplied by the rate of 0.275 percent.

37 (b) Upon every person engaging within this state in the business
38 of acting as a travel agent or tour operator and whose annual taxable
39 amount for the calendar year was more than two hundred fifty thousand
40 dollars; as to such persons the amount of the tax with respect to

1 such activities is equal to the gross income derived from such
2 activities multiplied by the rate of 0.275 percent through June 30,
3 2019, and 0.9 percent beginning July 1, 2019.

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

11 (7) Upon every person engaging within this state in the business
12 of stevedoring and associated activities pertinent to the movement of
13 goods and commodities in waterborne interstate or foreign commerce;
14 as to such persons the amount of tax with respect to such business is
15 equal to the gross proceeds derived from such activities multiplied
16 by the rate of 0.275 percent. Persons subject to taxation under this
17 subsection are exempt from payment of taxes imposed by chapter 82.16
18 RCW for that portion of their business subject to taxation under this
19 subsection. Stevedoring and associated activities pertinent to the
20 conduct of goods and commodities in waterborne interstate or foreign
21 commerce are defined as all activities of a labor, service or
22 transportation nature whereby cargo may be loaded or unloaded to or
23 from vessels or barges, passing over, onto or under a wharf, pier, or
24 similar structure; cargo may be moved to a warehouse or similar
25 holding or storage yard or area to await further movement in import
26 or export or may move to a consolidation freight station and be
27 stuffed, unstuffed, containerized, separated or otherwise segregated
28 or aggregated for delivery or loaded on any mode of transportation
29 for delivery to its consignee. Specific activities included in this
30 definition are: Wharfage, handling, loading, unloading, moving of
31 cargo to a convenient place of delivery to the consignee or a
32 convenient place for further movement to export mode; documentation
33 services in connection with the receipt, delivery, checking, care,
34 custody and control of cargo required in the transfer of cargo;
35 imported automobile handling prior to delivery to consignee; terminal
36 stevedoring and incidental vessel services, including but not limited
37 to plugging and unplugging refrigerator service to containers,
38 trailers, and other refrigerated cargo receptacles, and securing ship
39 hatch covers.

1 (8) (a) Upon every person engaging within this state in the
2 business of disposing of low-level waste, as defined in RCW
3 43.145.010; as to such persons the amount of the tax with respect to
4 such business is equal to the gross income of the business, excluding
5 any fees imposed under chapter 43.200 RCW, multiplied by the rate of
6 3.3 percent.

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

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

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

24 (11) (a) Beginning October 1, 2005, upon every person engaging
25 within this state in the business of manufacturing commercial
26 airplanes, or components of such airplanes, or making sales, at
27 retail or wholesale, of commercial airplanes or components of such
28 airplanes, manufactured by the seller, as to such persons the amount
29 of tax with respect to such business is, in the case of
30 manufacturers, equal to the value of the product manufactured and the
31 gross proceeds of sales of the product manufactured, or in the case
32 of processors for hire, equal to the gross income of the business,
33 multiplied by the rate of:

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

36 (ii) 0.2904 percent beginning July 1, 2007, through March 31,
37 2020; and

38 (iii) Beginning April 1, 2020, 0.484 percent, subject to any
39 reduction required under (e) of this subsection (11). The tax rate in

1 this subsection (11)(a)(iii) applies to all business activities
2 described in this subsection (11)(a).

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

14 (i) 0.2904 percent through March 31, 2020; and

15 (ii) Beginning April 1, 2020, the following rates, which are
16 subject to any reduction required under (e) of this subsection (11):

17 (A) The rate under RCW 82.04.250(1) on the business of making
18 retail sales of tooling specifically designed for use in
19 manufacturing commercial airplanes or components of such airplanes;
20 and

21 (B) 0.484 percent on all other business activities described in
22 this subsection (11)(b).

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

26 (d) (i) In addition to all other requirements under this title, a
27 person reporting under the tax rate provided in this subsection (11)
28 must file a complete annual tax performance report with the
29 department under RCW 82.32.534. However, this requirement does not
30 apply to persons reporting under the tax rate in (a)(iii) of this
31 subsection (11), so long as that rate remains 0.484 percent, or under
32 any of the tax rates in (b)(ii)(A) and (B) of this subsection (11),
33 so long as those tax rates remain the rate imposed pursuant to RCW
34 82.04.250(1) and 0.484 percent, respectively.

35 (ii) Nothing in (d)(i) of this subsection (11) may be construed
36 as affecting the obligation of a person reporting under a tax rate
37 provided in this subsection (11) to file a complete annual tax
38 performance report with the department under RCW 82.32.534: (A)
39 Pursuant to another provision of this title as a result of claiming a
40 tax credit or exemption; or (B) pursuant to (d)(i) of this subsection

1 (11) as a result of claiming the tax rates in (a)(ii) or (b)(i) of
2 this subsection (11) for periods ending before April 1, 2020.

3 (e)(i) After March 31, 2021, the tax rates under (a)(iii) and
4 (b)(ii) of this subsection (11) must be reduced to 0.357 percent
5 provided the conditions in section 2 of this act are met. The
6 effective date of the rates authorized under this subsection (11)(e)
7 must occur on the first day of the next calendar quarter that is at
8 least sixty days after the department receives the last of the two
9 written notices pursuant to section 2 (3) and (4) of this act.

10 (ii) Both a significant commercial airplane manufacturer
11 separately and the rest of the aerospace industry as a whole,
12 receiving the rate of 0.357 percent under this subsection (11)(e) are
13 subject to the aerospace apprenticeship utilization rates required
14 under section 4 of this act by April 1, 2026, or five years after the
15 effective date of the 0.357 percent rate authorized under this
16 subsection (11)(e), whichever is later, as determined by the
17 department of labor and industries.

18 (iii) The provisions of RCW 82.32.805 and 82.32.808 do not apply
19 to this subsection (11)(e).

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

22 (ii) With respect to the manufacturing of commercial airplanes or
23 making sales, at retail or wholesale, of commercial airplanes, this
24 subsection (11) does not apply on and after July 1st of the year in
25 which the department makes a determination that any final assembly or
26 wing assembly of any version or variant of a commercial airplane that
27 is the basis of a siting of a significant commercial airplane
28 manufacturing program in the state under RCW 82.32.850 has been sited
29 outside the state of Washington. This subsection (11)(~~(e)~~) (f)(ii)
30 only applies to the manufacturing or sale of commercial airplanes
31 that are the basis of a siting of a significant commercial airplane
32 manufacturing program in the state under RCW 82.32.850. This
33 subsection (11)(f)(ii) continues to apply during the time that a
34 person is subject to the tax rate in (a)(iii) of this subsection
35 (11).

36 (g) For the purposes of this subsection, "a significant
37 commercial airplane manufacturer" means a manufacturer of commercial
38 airplanes with at least fifty thousand full-time employees in
39 Washington as of January 1, 2021.

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

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

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

32 (d) Until July 1, 2045, upon every person engaging within this
33 state in the business of selling standing timber; as to such persons
34 the amount of the tax with respect to the business is equal to the
35 gross income of the business multiplied by the rate of 0.2904
36 percent. For purposes of this subsection (12)(d), "selling standing
37 timber" means the sale of timber apart from the land, where the buyer
38 is required to sever the timber within thirty months from the date of
39 the original contract, regardless of the method of payment for the

1 timber and whether title to the timber transfers before, upon, or
2 after severance.

3 (e) For purposes of this subsection, the following definitions
4 apply:

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

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

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

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

31 (v) "Timber products" means:

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

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

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

39 (vi) "Wood products" means paper and paper products; dimensional
40 lumber; engineered wood products such as particleboard, oriented

1 strand board, medium density fiberboard, and plywood; wood doors;
2 wood windows; and biocomposite surface products.

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

7 (g) Nothing in this subsection (12) may be construed to affect
8 the taxation of any activity defined as a retail sale in RCW
9 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW
10 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

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

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

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

24 NEW SECTION. **Sec. 4.** A new section is added to chapter 51.04
25 RCW to read as follows:

26 (1) A significant commercial airplane manufacturer receiving the
27 rate of 0.357 percent under RCW 82.04.260(11)(e) is subject to an
28 aerospace apprenticeship utilization rate of one and five-tenths
29 percent of its qualified apprenticeable workforce in Washington by
30 July 1, 2026, or five years after the effective date of the 0.357
31 percent rate authorized under RCW 82.04.260(11)(e), whichever is
32 later, as determined by the department of labor and industries.

33 (2) The aerospace industry in Washington, excluding a significant
34 commercial airplane manufacturer, is subject to an aerospace
35 apprenticeship utilization rate of one and five-tenths percent of its
36 qualified apprenticeable workforce in Washington by July 1, 2026, or
37 five years after the effective date of the 0.357 percent rate
38 authorized under RCW 82.04.260(11)(e), whichever is later, as
39 determined by the department of labor and industries.

1 (3) Aerospace employers must report relevant occupation data
2 related to the qualified apprenticeable workforce to the department
3 of labor and industries.

4 (4) The department of labor and industries shall report the
5 aerospace apprenticeship utilization rate to the department and the
6 appropriate committees of the legislature annually beginning October
7 1, 2024.

8 (5) The department of labor and industries shall determine
9 aerospace apprenticeship utilization rates under this section based
10 on the framework developed under section 5 of this act and using
11 occupational data reported to the department of labor and industries
12 and/or the employment security department. For data reported to the
13 department of labor and industries, the department of labor and
14 industries shall determine the form and manner in which occupational
15 data is reported, consistent with the framework developed under
16 section 5 of this act, and may adopt rules to ensure full
17 participation within the industry necessary to implement the
18 requirements of this section. The department of labor and industries,
19 consulting with the department of revenue, may also require
20 additional information on the annual tax performance report under RCW
21 82.32.534. The department of labor and industries may adopt rules to
22 ensure full participation within the industry and necessary to
23 implement the requirements of this section.

24 (6) For the purposes of this section, the following definitions
25 apply.

26 (a) "Aerospace employer" means any person that qualifies for the
27 rate under RCW 82.04.260(11)(e) with twenty-five or more employees in
28 positions determined to be qualified occupations by the Washington
29 state apprenticeship and training council according to chapter 49.04
30 RCW directly applicable to the production of commercial aircraft.

31 (b) "Qualified apprenticeable workforce" means all occupations
32 approved by the Washington state apprenticeship and training council
33 according to chapter 49.04 RCW directly applicable to the production
34 of commercial aircraft.

35 (c) "Significant commercial airplane manufacturer" means a
36 manufacturer of commercial airplanes with at least fifty thousand
37 full-time employees in Washington as of January 1, 2021.

38 NEW SECTION. **Sec. 5.** (1) An aerospace workforce council is
39 created in the department of labor and industries to establish a

1 framework for apprenticeship utilization reporting and to establish
2 efficient pathways to achieve targets required under section 4 of
3 this act. Beginning in calendar year 2020, the council must:

4 (a) Meet at least twice per year until the apprenticeship
5 utilization levels in section 4 of this act are achieved;

6 (b) Monitor the progress of a significant commercial airplane
7 manufacturer, as defined in section 4 of this act, and the aerospace
8 industry as a whole in achieving the apprenticeship utilization
9 levels established in section 4 of this act;

10 (c) Report to the legislature by December 1, 2023, on the
11 apprenticeship utilization rate across the aerospace industry and
12 include any recommendations implementing the intent of this act,
13 including policy changes needed to expand upon early success of
14 apprenticeship utilization if reached before the date set forth in
15 section 4 of this act.

16 (2) The council must consist of fourteen members, appointed by
17 the governor:

18 (a) One member must be appointed from each of the two largest
19 aerospace labor organizations in Washington;

20 (b) Two members must be from a Washington aerospace industry
21 business, only one of which must be from a significant commercial
22 airplane manufacturer;

23 (c) Two members must be from nonprofit entities engaged in
24 workforce training for the aerospace industry;

25 (d) One representative from the governor's office;

26 (e) One representative from the workforce training and education
27 coordinating board;

28 (f) The state trade representative or the representative's
29 designee;

30 (g) The director of the department of labor and industries, or
31 the director's designee;

32 (h) One member from each of the two largest caucuses of the house
33 of representatives, as appointed by the speaker of the house of
34 representatives; and

35 (i) One member from each of the two largest caucuses of the
36 senate, as appointed by the president of the senate.

37 NEW SECTION. **Sec. 6.** This act is necessary for the immediate
38 preservation of the public peace, health, or safety, or support of

1 the state government and its existing public institutions, and takes
2 effect immediately.

Passed by the Senate March 12, 2020.

Passed by the House March 11, 2020.

Approved by the Governor March 25, 2020.

Filed in Office of Secretary of State March 26, 2020.

--- **END** ---