

CERTIFICATION OF ENROLLMENT  
**ENGROSSED SUBSTITUTE SENATE BILL 6004**

Chapter 425, Laws of 2019

66th Legislature  
2019 Regular Session

TRAVEL AGENTS AND TOUR OPERATORS--BUSINESS AND OCCUPATION TAX

EFFECTIVE DATE: July 1, 2019

Passed by the Senate April 27, 2019  
Yeas 27 Nays 21

CYRUS HABIB

**President of the Senate**

Passed by the House April 28, 2019  
Yeas 52 Nays 46

FRANK CHOPP

**Speaker of the House of Representatives**

Approved May 21, 2019 10:56 AM

JAY INSLEE

**Governor of the State of Washington**

CERTIFICATE

I, Brad Hendrickson, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 6004** as passed by the Senate and the House of Representatives on the dates hereon set forth.

BRAD HENDRICKSON

**Secretary**

FILED

May 21, 2019

**Secretary of State  
State of Washington**

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ENGROSSED SUBSTITUTE SENATE BILL 6004

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Passed Legislature - 2019 Regular Session

State of Washington                      66th Legislature                      2019 Regular Session

By Senate Ways & Means (originally sponsored by Senator Rolfes)

READ FIRST TIME 04/27/19.

1            AN ACT Relating to the taxation of travel agents and tour  
2 operators; amending RCW 82.04.260; providing an effective date; and  
3 declaring an emergency.

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

5            **Sec. 1.** 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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39 (b) Upon every person engaging within this state in the business  
40 of acting as a travel agent or tour operator and whose annual taxable

1 amount for the calendar year was more than two hundred fifty thousand  
2 dollars; as to such persons the amount of the tax with respect to  
3 such activities is equal to the gross income derived from such  
4 activities multiplied by the rate of 0.275 percent through June 30,  
5 2019, and 0.9 percent beginning July 1, 2019.

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

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

1 trailers, and other refrigerated cargo receptacles, and securing ship  
2 hatch covers.

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

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

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

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

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

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

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

39 (b) Beginning July 1, 2008, upon every person who is not eligible  
40 to report under the provisions of (a) of this subsection (11) and is

1 engaging within this state in the business of manufacturing tooling  
2 specifically designed for use in manufacturing commercial airplanes  
3 or components of such airplanes, or making sales, at retail or  
4 wholesale, of such tooling manufactured by the seller, as to such  
5 persons the amount of tax with respect to such business is, in the  
6 case of manufacturers, equal to the value of the product manufactured  
7 and the gross proceeds of sales of the product manufactured, or in  
8 the case of processors for hire, be equal to the gross income of the  
9 business, multiplied by the rate of 0.2904 percent.

10 (c) For the purposes of this subsection (11), "commercial  
11 airplane" and "component" have the same meanings as provided in RCW  
12 82.32.550.

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

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

19 (ii) With respect to the manufacturing of commercial airplanes or  
20 making sales, at retail or wholesale, of commercial airplanes, this  
21 subsection (11) does not apply on and after July 1st of the year in  
22 which the department makes a determination that any final assembly or  
23 wing assembly of any version or variant of a commercial airplane that  
24 is the basis of a siting of a significant commercial airplane  
25 manufacturing program in the state under RCW 82.32.850 has been sited  
26 outside the state of Washington. This subsection (11) (e) (ii) only  
27 applies to the manufacturing or sale of commercial airplanes that are  
28 the basis of a siting of a significant commercial airplane  
29 manufacturing program in the state under RCW 82.32.850.

30 (12) (a) Until July 1, 2024, upon every person engaging within  
31 this state in the business of extracting timber or extracting for  
32 hire timber; as to such persons the amount of tax with respect to the  
33 business is, in the case of extractors, equal to the value of  
34 products, including by-products, extracted, or in the case of  
35 extractors for hire, equal to the gross income of the business,  
36 multiplied by the rate of 0.4235 percent from July 1, 2006, through  
37 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,  
38 2024.

39 (b) Until July 1, 2024, upon every person engaging within this  
40 state in the business of manufacturing or processing for hire: (i)

1 Timber into timber products or wood products; or (ii) timber products  
2 into other timber products or wood products; as to such persons the  
3 amount of the tax with respect to the business is, in the case of  
4 manufacturers, equal to the value of products, including by-products,  
5 manufactured, or in the case of processors for hire, equal to the  
6 gross income of the business, multiplied by the rate of 0.4235  
7 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent  
8 from July 1, 2007, through June 30, 2024.

9 (c) Until July 1, 2024, upon every person engaging within this  
10 state in the business of selling at wholesale: (i) Timber extracted  
11 by that person; (ii) timber products manufactured by that person from  
12 timber or other timber products; or (iii) wood products manufactured  
13 by that person from timber or timber products; as to such persons the  
14 amount of the tax with respect to the business is equal to the gross  
15 proceeds of sales of the timber, timber products, or wood products  
16 multiplied by the rate of 0.4235 percent from July 1, 2006, through  
17 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,  
18 2024.

19 (d) Until July 1, 2024, upon every person engaging within this  
20 state in the business of selling standing timber; as to such persons  
21 the amount of the tax with respect to the business is equal to the  
22 gross income of the business multiplied by the rate of 0.2904  
23 percent. For purposes of this subsection (12)(d), "selling standing  
24 timber" means the sale of timber apart from the land, where the buyer  
25 is required to sever the timber within thirty months from the date of  
26 the original contract, regardless of the method of payment for the  
27 timber and whether title to the timber transfers before, upon, or  
28 after severance.

29 (e) For purposes of this subsection, the following definitions  
30 apply:

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

35 (ii) "Paper and paper products" means products made of interwoven  
36 cellulosic fibers held together largely by hydrogen bonding. "Paper  
37 and paper products" includes newsprint; office, printing, fine, and  
38 pressure-sensitive papers; paper napkins, towels, and toilet tissue;  
39 kraft bag, construction, and other kraft industrial papers;  
40 paperboard, liquid packaging containers, containerboard, corrugated,



1 and solid-fiber containers including linerboard and corrugated  
2 medium; and related types of cellulosic products containing  
3 primarily, by weight or volume, cellulosic materials. "Paper and  
4 paper products" does not include books, newspapers, magazines,  
5 periodicals, and other printed publications, advertising materials,  
6 calendars, and similar types of printed materials.

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

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

17 (v) "Timber products" means:

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

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

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

25 (vi) "Wood products" means paper and paper products; dimensional  
26 lumber; engineered wood products such as particleboard, oriented  
27 strand board, medium density fiberboard, and plywood; wood doors;  
28 wood windows; and biocomposite surface products.

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

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

38 (14)(a) Upon every person engaging within this state in the  
39 business of printing a newspaper, publishing a newspaper, or both,  
40 the amount of tax on such business is equal to the gross income of

1 the business multiplied by the rate of 0.35 percent until July 1,  
2 2024, and 0.484 percent thereafter.

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

6 NEW SECTION. **Sec. 2.** This act is necessary for the immediate  
7 preservation of the public peace, health, or safety, or support of  
8 the state government and its existing public institutions, and takes  
9 effect July 1, 2019.

Passed by the Senate April 27, 2019.

Passed by the House April 28, 2019.

Approved by the Governor May 21, 2019.

Filed in Office of Secretary of State May 21, 2019.

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