

2SSB 5126 - S AMD 673
By Senator Wagoner

WITHDRAWN 04/08/2021

1 Strike everything after the enacting clause and insert the
2 following:

3 **"PART I**
4 **IMPOSING A CARBON POLLUTION TAX TO MITIGATE CLIMATE RISK AND PROVIDE**
5 **INDIVIDUAL AND BUSINESS TAX RELIEF**

6 NEW SECTION. **Sec. 1.** This act establishes a carbon pollution
7 tax to account for a significant share of the economic and
8 environmental impacts of greenhouse gas emissions and includes
9 substantial funding for forest health and resiliency. The legislature
10 intends to offset the tax burden imposed on Washingtonians from this
11 tax by providing individual and business tax relief as identified in
12 this act, including state property tax relief for homeowners,
13 eliminating the business and occupation tax on manufacturing, and
14 implementing the working families tax credit.

15 NEW SECTION. **Sec. 2.** The definitions in this section apply
16 throughout this chapter unless the context clearly requires
17 otherwise.

18 (1) "Aircraft fuel" has the same meaning as provided in RCW
19 82.42.010.

20 (2) "Carbon calculation" means a calculation made by the
21 department of ecology, in consultation with the department of
22 commerce, for purposes of determining the carbon dioxide emissions
23 from the complete combustion or oxidation of fossil fuels for use in
24 calculating the carbon pollution tax pursuant to section 3 of this
25 act. The carbon calculation also includes the life-cycle analysis of
26 emissions associated with these fuels determined under section 3 of
27 this act.

28 (3) "Carbon dioxide equivalent" means a metric measure used to
29 compare the emissions from various greenhouse gases based on their
30 global warming potential.

- 1 (4) "Carbon pollution tax" means the tax created in section 3 of
2 this act.
- 3 (5) "Coal" means a readily combustible rock of carbonaceous
4 material, including anthracite coal, bituminous coal, subbituminous
5 coal, lignite, waste coal, syncopal, and coke of any kind.
- 6 (6) "Department" means the department of revenue.
- 7 (7) "Direct access gas customer" means a person who purchases
8 natural gas for consumption from any seller other than a seller
9 registered with the department for purposes of paying taxes due under
10 chapter 82.04 or 82.16 RCW.
- 11 (8) "Facility" means any physical property, plant, building,
12 structure, source, or stationary equipment located on one or more
13 contiguous or adjacent properties in actual physical contact or
14 separated solely by a public roadway or other public right-of-way and
15 under common ownership or common control, that emits or may emit any
16 greenhouse gas.
- 17 (9) "Fossil fuel" means motor vehicle fuel, special fuel, dyed
18 special fuel, aircraft fuel, natural gas, coal, and any form of
19 solid, liquid, or gaseous fuel derived from natural gas, coal,
20 petroleum, or crude oil, including without limitation still gas,
21 propane, and petroleum residuals including bunker fuel.
- 22 (10) "Gas distribution business" has the same meaning as provided
23 in RCW 82.16.010.
- 24 (11) "Greenhouse gas" means carbon dioxide, methane, nitrogen
25 trifluoride, nitrous oxide, sulfur hexafluoride, hydrofluorocarbons,
26 perfluorocarbons, and other fluorinated greenhouse gases.
- 27 (12) "Highly impacted community" has the same meaning as defined
28 in RCW 19.405.020.
- 29 (13) "Motor vehicle fuel" has the same meaning as provided in RCW
30 82.38.020.
- 31 (14) "Natural gas" means naturally occurring mixtures of
32 hydrocarbon gases and vapors consisting principally of methane,
33 whether in gaseous or liquid form, including methane clathrate.
- 34 (15) "Person" has the same meaning as provided in RCW 82.04.030.
- 35 (16) "Sale" has the same meaning as provided in RCW 82.04.040.
- 36 (17) "Special fuel" has the same meaning as provided in RCW
37 82.38.020.
- 38 (18) "Taxpayer" means a person subject to the carbon pollution
39 tax created in section 3 of this act.

1 (19) "Tribal lands" has the same meaning as "Indian country" as
2 provided in 18 U.S.C. Sec. 1151, and also includes sacred sites,
3 traditional cultural properties, burial grounds, and other tribal
4 sites protected by federal or state law.

5 (20)(a) "Use," "used," "using," or "put to use" means, with
6 respect to any fossil fuel other than natural gas, the consumption in
7 this state of the fossil fuel by the taxpayer or the possession or
8 storage in this state of the fossil fuel by the taxpayer preparatory
9 to subsequent consumption of the fossil fuel within this state by the
10 taxpayer.

11 (b) "Use," "used," "using," or "put to use" means, with respect
12 to natural gas, the consumption in this state of the fossil fuel by
13 the taxpayer.

14 (c) For the purposes of this subsection, "possession" means the
15 control of fossil fuel located within this state and includes either
16 actual or constructive possession, or both. "Actual possession"
17 occurs when the person with control has physical possession.
18 "Constructive possession" occurs when the person with control does
19 not have physical possession. "Control" means the power to sell or
20 use a fossil fuel or to authorize the sale or use by another.

21 (21) "Vulnerable populations" has the same meaning as defined in
22 RCW 19.405.020.

23 (22) "Year" means the 12-month period commencing January 1st and
24 ending December 31st unless otherwise specified.

25 NEW SECTION. **Sec. 3.** (1)(a) Beginning July 1, 2022, a carbon
26 pollution tax is imposed on the sale or use within this state of all
27 fossil fuels, except fossil fuels used to generate electricity in the
28 state.

29 (b) The measure of the carbon pollution tax is the carbon dioxide
30 equivalent emissions:

31 (i) Resulting from the complete combustion or oxidation of fossil
32 fuels sold or used by the taxpayer within this state; and

33 (ii) For the purposes of measuring the tax rate under subsection
34 (2) of this section only, from the entire life cycle of the fossil
35 fuel.

36 (2) The tax rate as of July 1, 2022, is equal to \$15.00 per
37 metric ton of greenhouse gas emissions. The tax rate automatically
38 increases annually each July 1st thereafter by five percent each year
39 and is adjusted for inflation using the consumer price index.

1 (3) By January 1, 2031, the department of ecology shall make a
2 determination of whether the sources of emissions covered by this tax
3 are predicted to achieve their combined share of the emissions
4 reductions necessary for the state to achieve the emissions limits
5 established in RCW 70A.45.020. By January 1, 2031, the department of
6 ecology must provide the legislature with a report detailing its
7 determination with recommendations, pursuant to the tax and covered
8 sources, for achieving the emissions limits established in RCW
9 70A.45.020.

10 (4) For the purposes of this chapter, the carbon pollution tax is
11 imposed:

12 (a) Only once with respect to the same unit of fossil fuel;

13 (b) At the time and place of the first event within this state in
14 which the tax is applicable, except as otherwise provided in this
15 section, occurring on or after the effective date of this section,
16 regardless of whether the fossil fuel was previously sold, used, or
17 consumed within this state before the effective date of this section;
18 and

19 (c) Upon the first person within this state upon which the tax
20 would be applicable, except as otherwise provided in this section.
21 Such a person includes:

22 (i) A person required to be registered with the department under
23 RCW 82.32.030(1);

24 (ii) The state, its political subdivisions, and municipal
25 corporations; and

26 (iii) A person who maintains a place of business in this state
27 but who is not required to be registered with the department under
28 RCW 82.32.030(1).

29 (5) As provided in this section, the carbon pollution tax on the
30 sale or use of fossil fuels is imposed on the seller or user of the
31 fossil fuel.

32 (6) The carbon pollution tax on the sale or use of natural gas is
33 imposed as follows:

34 (a) Natural gas transported through the state that is not
35 produced or delivered in the state is exempt from the carbon
36 pollution tax imposed by this section. Natural gas possessed or
37 stored in this state is exempt from the carbon pollution tax imposed
38 by this section unless the tax is otherwise applicable under (b) or
39 (c) of this subsection;

1 (b) For natural gas sold by a gas distribution business to a
2 retail customer in the state, the carbon pollution tax is imposed on
3 the gas distribution business upon the sale of such natural gas to
4 the retail customer; and

5 (c) For natural gas sold to a direct access gas customer in the
6 state, the carbon pollution tax is imposed on the direct access gas
7 customer upon the consumption of such natural gas by the direct
8 access gas customer.

9 (7) For motor vehicle fuel and special fuel, the carbon pollution
10 tax is imposed on the seller or user of the fuel at the points of
11 taxation specified in RCW 82.38.030(9).

12 (8)(a) The carbon pollution tax may not be applied to the sale or
13 use of any fossil fuels or consumption of electricity upon which the
14 tax under this chapter has been previously imposed.

15 (b) A sale of fossil fuel takes place in this state when the
16 fossil fuel is delivered in this state to the purchaser or a person
17 designated by the purchaser, notwithstanding any contract terms
18 designating a location outside of this state as the place of sale.

19 (c) All sales subject to the tax within this state of a fossil
20 fuel must document the amount of carbon pollution tax paid in
21 accordance with rules adopted by the department.

22 (9) For purposes of determining the carbon pollution tax due
23 under this chapter:

24 (a) The department must use the carbon calculation for all fossil
25 fuels sold or used within the state, a calculation of the life-cycle
26 emissions associated with the consumption in the state of
27 transportation fuels;

28 (b) For fossil fuels, the department of ecology, in consultation
29 with the department of commerce, must adopt by rule criteria for
30 making the carbon calculation;

31 (c) The department of ecology may require additional information
32 from sources as necessary, in consultation with the department of
33 commerce, for determining the carbon calculation under this chapter.

34 (10) For taxpayers who are also subject to any of the taxes
35 imposed under chapter 82.04, 82.08, 82.12, or 82.16 RCW, the
36 frequency of reporting and payment of the carbon pollution tax must,
37 to the extent practicable, coincide with a taxpayer's reporting
38 periods for the taxes imposed under chapter 82.04, 82.08, 82.12, or
39 82.16 RCW.

1 (11) The department must develop and make available worksheets,
2 tax tables, and guidance documents it deems necessary to calculate
3 the carbon dioxide emissions of fossil fuels.

4 (12) The first \$500,000,000 of carbon pollution tax proceeds
5 collected under this section must be deposited in the forest
6 resiliency account created in RCW 43.79. . . . (section 964,
7 chapter . . . (Engrossed Substitute Senate Bill No. 5092), Laws of
8 2021) and must be used to implement the department of natural
9 resources' forest health plan, as specified in chapter 95, Laws of
10 2017. All remaining proceeds from the carbon pollution tax imposed
11 under this section must be deposited in the state general fund.

12 NEW SECTION. **Sec. 4.** (1) The carbon pollution tax in section 3
13 of this act does not apply to:

14 (a) Fossil fuels brought into this state by means of the primary
15 fuel supply tank of a motor vehicle, vessel, locomotive, or aircraft,
16 actively supplying fuel for combustion upon entry into the state;

17 (b) Fossil fuels that the state is prohibited from imposing a tax
18 under the state Constitution or the Constitution or laws of the
19 United States;

20 (c)(i) Fossil fuels exported from this state. Export to Indian
21 country located within the boundaries of this state is not considered
22 export from this state. For purposes of this subsection, "Indian
23 country" has the same meaning as provided in RCW 37.12.160.

24 (ii) An exporter of fossil fuels upon which another person
25 previously paid the carbon pollution tax is entitled to a credit or
26 refund of the tax paid, if the exporter can establish to the
27 department's satisfaction that the tax under this chapter was
28 previously paid on the exported fossil fuels. The person who paid the
29 carbon pollution tax is not entitled to an exemption under this
30 subsection (1)(c) when any other person is entitled to a refund or
31 credit under this subsection (1)(c)(ii). For purposes of this
32 subsection, "exporter" means a person who exports fossil fuels or
33 electricity from this state;

34 (d) The sale or use of coal transition power as defined in RCW
35 80.80.010;

36 (e) Diesel fuel, biodiesel fuel, or aircraft fuel when these
37 fuels are used solely for agricultural purposes by a farm fuel user,
38 as defined in RCW 82.08.865;

1 (f) Biogas, which includes renewable liquid natural gas or liquid
2 compressed natural gas made from biogas, landfill gas, biodiesel,
3 renewable diesel, and cellulosic ethanol;

4 (g) Aircraft fuel as defined in RCW 82.42.010;

5 (h) The portion of fossil fuels purchased in the state and
6 combusted outside the state by interstate motor carriers and vessels
7 used primarily in interstate or foreign commerce. The department must
8 provide a methodology by rule to apportion fossil fuels consumed
9 inside the state of Washington by interstate motor carriers and
10 vessels used primarily in interstate or foreign commerce;

11 (i) Activities or property of Indian tribes and individual
12 Indians that are exempt from state imposition of a tax as a matter of
13 federal law or state law, whether by statute, rule, or compact;

14 (j) Motor vehicle fuel or special fuel that is used exclusively
15 for agricultural purposes by a farm fuel user. This exemption is
16 available only if a buyer of motor vehicle fuel or special fuel
17 provides the seller with an exemption certificate in a form and
18 manner prescribed by the department. For the purposes of this
19 subsection (1)(j), "agricultural purposes" and "farm fuel user" have
20 the same meanings as provided in RCW 82.08.865; the department shall
21 determine a method for expanding this exemption to include fuels used
22 for the purpose of transporting agricultural goods on public
23 highways; the department shall maintain this expanded exemption for a
24 period of five years, in order to provide the agricultural sector
25 with a feasible transition period;

26 (k)(i) Motor vehicle fuel or special fuel that is used by the
27 following: (A) Log transportation businesses; and (B) persons in the
28 business of extracting timber. This exemption is available only if a
29 buyer of motor vehicle fuel or special fuel provides the seller with
30 an exemption certificate in a form and manner prescribed by the
31 department; the department shall determine a method for expanding
32 this exemption to include fuels used for the purpose of transporting
33 timber on public highways; the department shall maintain this
34 expanded exemption for a period of five years, in order to provide
35 the timber sector with a feasible transition period.

36 (ii) For the purposes of this subsection (1)(k), the following
37 definitions apply: (A) "Log transportation business" has the same
38 meaning as provided in RCW 82.16.010; and (B) "timber" means forest
39 trees, standing or down, on privately owned or publicly owned land,
40 and does not include Christmas trees that are cultivated by

1 agricultural methods or short-rotation hardwoods as defined in RCW
2 84.33.035; and

3 (1) Any fossil fuels consumed by an energy-intensive, trade-
4 exposed business in a sector designated by department rules. By June
5 30, 2022, the department in consultation with the departments of
6 commerce and ecology shall adopt rules to designate energy-intensive,
7 trade-exposed industry sectors. By July 30, 2026, the department of
8 ecology must provide a report to the appropriate committees of the
9 senate and house of representatives on whether to restrict or
10 eliminate this exemption identified in this subsection (1)(1). In
11 developing the report, the department of ecology must solicit input
12 and data from industry sectors and other interested persons. The
13 report must include recommendations for alternatives that will
14 minimize leakage, allow for growth of Washington industries,
15 recognize and provide credit for early actions to reduce emissions,
16 availability of alternative fuels, and incorporate performance
17 benchmarking of emissions intensity in production processes.

18 (2)(a) For any fossil fuels subject to the carbon pollution tax
19 imposed by section 3 of this act that are also subject to a
20 comparable carbon pollution tax or charge on carbon content imposed
21 by another jurisdiction, including the federal government or
22 allowances required to be purchased by another jurisdiction, the
23 entity may take a credit against the tax imposed under this chapter
24 by the amount of the comparable pollution tax or charge paid to the
25 other jurisdiction up to the amount of tax owed under this chapter,
26 provided that the person claiming the credit provides evidence
27 acceptable to the department that the equivalent tax has been paid.

28 (b) For the purposes of this section, a comparable carbon
29 pollution tax or charge means a tax or charge that is not generally
30 imposed on other activities or privileges that is:

31 (i) Imposed on the sale, use, possession, transfer, or
32 consumption of fossil fuels; and

33 (ii) Measured in terms of greenhouse gas emissions by the
34 greenhouse gas emissions resulting from the complete combustion or
35 oxidation of such fossil fuels.

36 NEW SECTION. **Sec. 5.** The provisions of chapter 82.32 RCW apply
37 to this chapter.

1 NEW SECTION. **Sec. 6.** This chapter may be known and cited as the
2 Washington climate and economic relief act.

3 NEW SECTION. **Sec. 7.** Sections 1 through 6 of this act
4 constitute a new chapter in Title 82 RCW.

5 NEW SECTION. **Sec. 8.** If any provision of this act or its
6 application to any person or circumstance is held invalid, the
7 remainder of the act or the application of the provision to other
8 persons or circumstances is not affected.

9 **PART II**

10 **PROVIDING FINANCIAL RELIEF FOR WORKING FAMILIES**

11 **Sec. 9.** RCW 82.08.0206 and 2008 c 325 s 2 are each amended to
12 read as follows:

13 (1) A working families' tax exemption, in the form of a
14 remittance of tax due under this chapter and chapter 82.12 RCW, is
15 provided to eligible low-income persons for sales taxes paid under
16 this chapter after January 1, ~~((2008))~~ 2022.

17 (2) For purposes of the exemption in this section, ~~((an eligible
18 low-income person is))~~ the following definitions apply:

19 (a) ~~((An))~~ "Eligible low-income person" means an individual~~((, or
20 an individual and that individual's spouse if they file a federal
21 joint income tax return;~~

22 ~~(b) [An individual who] Who is))~~ who:

23 (i) Is eligible for~~((, and is granted,))~~ the credit provided in
24 Title 26 U.S.C. Sec. 32; and

25 ~~((c) [An individual who] Who properly))~~ (ii) Properly files a
26 federal income tax return as a Washington resident, and has been a
27 resident of the state of Washington more than one hundred eighty days
28 of the year for which the exemption is claimed.

29 (b) "Income" means earned income as defined by Title 26 U.S.C.
30 Sec. 32.

31 (c) "Individual" means an individual and that individual's spouse
32 if they file a federal joint income tax return.

33 ~~((For remittances made in 2009 and 2010, the working
34 families' tax exemption for the prior year is a retail sales tax
35 exemption equal to the greater of five percent of the credit granted
36 as a result of Title 26 U.S.C. Sec. 32 in the most recent year for~~

1 ~~which data is available or twenty-five dollars. For 2011)) (a) For~~
2 2023 and thereafter, the working families' tax ((~~exemption~~))
3 remittance amount for the prior year is equal to the greater of ten
4 percent of the credit granted as a result of Title 26 U.S.C. Sec. 32
5 in the most recent year for which data is available or fifty dollars.

6 (b) If the remittance for an eligible person as calculated in
7 this section is greater than one cent, but less than \$50, the
8 remittance amount is \$50.

9 ~~(4) ((For any fiscal period, the working families' tax exemption~~
10 ~~authorized under this section shall be approved by the legislature in~~
11 ~~the state omnibus appropriations act before persons may claim the~~
12 ~~exemption during the fiscal period.~~

13 ~~(5))~~ The working families' tax exemption shall be administered
14 as provided in this subsection.

15 ~~((a) An eligible low-income person claiming an exemption under~~
16 ~~this section must pay the tax imposed under chapters 82.08, 82.12,~~
17 ~~and 82.14 RCW in the year for which the exemption is claimed. The~~
18 ~~eligible low-income person may then apply to the department for the~~
19 ~~remittance as calculated under subsection (3) of this section.~~

20 ~~(b) Application shall be made to the department in a form and~~
21 ~~manner determined by the department, but the department must provide~~
22 ~~alternative filing methods for applicants who do not have access to~~
23 ~~electronic filing.~~

24 ~~(c) Application for the exemption remittance under this section~~
25 ~~must be made in the year following the year for which the federal~~
26 ~~return was filed, but in no case may any remittance be provided for~~
27 ~~any period before January 1, 2008. The department may use the best~~
28 ~~available data to process the exemption remittance. The department~~
29 ~~shall begin accepting applications October 1, 2009.~~

30 ~~(d) The department shall review the application and determine~~
31 ~~eligibility for the working families' tax exemption based on~~
32 ~~information provided by the applicant and through audit and other~~
33 ~~administrative records, including, when it deems it necessary,~~
34 ~~verification through internal revenue service data.~~

35 ~~(e) The department shall remit the exempted amounts to eligible~~
36 ~~low-income persons who submitted applications. Remittances may be~~
37 ~~made by electronic funds transfer or other means.~~

38 ~~(f) The department may, in conjunction with other agencies or~~
39 ~~organizations, design and implement a public information campaign to~~

1 ~~inform potentially eligible persons of the existence of and~~
2 ~~requirements for this exemption.~~

3 ~~(g) The department may contact persons who appear to be eligible~~
4 ~~low-income persons as a result of information received from the~~
5 ~~internal revenue service under such conditions and requirements as~~
6 ~~the internal revenue service may by law require.~~

7 ~~(6) The provisions of chapter 82.32 RCW apply to the exemption in~~
8 ~~this section.~~

9 ~~(7) The department may adopt rules necessary to implement this~~
10 ~~section.~~

11 ~~(8) The department shall limit its costs for the exemption~~
12 ~~program to the initial start-up costs to implement the program. The~~
13 ~~state omnibus appropriations act shall specify funding to be used for~~
14 ~~the ongoing administrative costs of the program. These ongoing~~
15 ~~administrative costs include, but are not limited to, costs for: The~~
16 ~~processing of internet and mail applications, verification of~~
17 ~~application claims, compliance and collections, additional full-time~~
18 ~~employees at the department's call center, processing warrants,~~
19 ~~updating printed materials and web information, media advertising,~~
20 ~~and support and maintenance of computer systems.)~~

21 (a) The remittance paid under this section will be paid to
22 eligible filers who apply pursuant to this subsection.

23 (i) Application must be made to the department in a form and
24 manner determined by the department. If the application process is
25 initially done electronically, the department must provide a paper
26 application upon request. The application must include any
27 information and documentation as required by the department.

28 (ii) Application for the remittance under this section must be
29 made in the year following the year for which the federal return was
30 filed, but in no case may any remittance be provided for any period
31 before January 1, 2022. The department must use the eligible person's
32 most recent federal tax filing to process the remittance.

33 (iii) A person may not claim an exemption on behalf of a deceased
34 individual. No individual may claim an exemption under this section
35 for any year in a disallowance period under Title 26 U.S.C. Sec.
36 32(k)(1) or for any year for which the individual is ineligible to
37 claim the credit in Title 26 U.S.C. Sec. 32 by reason of Title 26
38 U.S.C. Sec. 32(k)(2).

1 (b) The department shall protect the privacy and confidentiality
2 of personal data of remittance recipients in accordance with chapter
3 82.32 RCW.

4 (c) The department shall, in conjunction with other agencies or
5 organizations, design and implement a public information campaign to
6 inform potentially eligible persons of the existence of, and
7 requirements for, this section.

8 (d) The department must work with the internal revenue service to
9 administer the exemption on an automatic basis as soon as
10 practicable.

11 (5) Receipt of the remittance under this section may not be used
12 in eligibility determinations for any state income support programs
13 or in making public charge determinations.

14 (6) The department may adopt rules necessary to implement this
15 section. This includes establishing a date by which applications will
16 be accepted, with the aim of accepting applications as soon as
17 possible. The department may gather necessary data through audit and
18 other administrative records, including verification through internal
19 revenue service data.

20 (7) The department must review the application and determine
21 eligibility for the working families' tax exemption based on
22 information provided by the applicant and through audit and other
23 administrative records, including, when it deems it necessary,
24 verification through internal revenue service data.

25 (8) If, upon review of internal revenue service data or other
26 information obtained by the department, it appears that an individual
27 received a remittance that the individual was not entitled to, or
28 received a larger remittance than the individual was entitled to, the
29 department may assess against the individual the overpaid amount. The
30 department may also assess such overpaid amount against the
31 individual's spouse if the remittance in question was based on both
32 spouses filing a joint federal income tax return for the year for
33 which the remittance was claimed.

34 (a) Interest as provided under RCW 82.32.050 applies to
35 assessments authorized under this subsection (8). Except as otherwise
36 provided in this subsection, penalties may not be assessed on amounts
37 due under this subsection.

38 (b) If an amount due under this subsection is not paid in full by
39 the date due, or the department issues a warrant for the collection

1 of amounts due under this subsection, the department may assess the
2 applicable penalties under RCW 82.32.090.

3 (c) If the department finds by clear, cogent, and convincing
4 evidence that an individual knowingly submitted, caused to be
5 submitted, or consented to the submission of, a fraudulent claim for
6 remittance under this section, the department must assess a penalty
7 of 50 percent of the overpaid amount. This penalty is in addition to
8 any other applicable penalties assessed in accordance with (b) of
9 this subsection (8).

10 (9) If, within the period allowed for refunds under RCW
11 82.32.060, the department finds that an individual received a lesser
12 remittance than the individual was entitled to, the department must
13 remit the additional amount due under this section to the individual.

14 (10) Interest does not apply to remittances provided under this
15 act.

16 (11) For any fiscal period, the working families' tax exemption
17 authorized under this section shall be approved by the legislature in
18 the state omnibus appropriations act before persons may claim the
19 exemption during the fiscal period.

20 NEW SECTION. Sec. 10. The provisions of RCW 82.32.805 and
21 82.32.808 do not apply to this act.

22 **PART III**

23 **PROVIDING TAX RELIEF TO PRESERVE AEROSPACE AND OTHER MANUFACTURING**
24 **JOBS IN WASHINGTON**

25 NEW SECTION. Sec. 11. The legislature finds that the
26 manufacturing industry in Washington is an important source of jobs
27 that pay significantly more than the average state wage. The
28 legislature also finds that even prior to the coronavirus pandemic,
29 the manufacturing industry had lost more than 43,000 jobs during the
30 21st century, while other leading Washington industries have
31 collectively added hundreds of thousands of jobs. The legislature
32 further finds that the coronavirus pandemic has exposed the
33 detriments of limited manufacturing capacity at times when the people
34 need a reliable supply of basic core products and goods.

35 It is the intent of the legislature to encourage a resurgence of
36 manufacturing capacity in Washington and the creation of family-wage
37 jobs by reducing the tax burden on the manufacturing industry. It is

1 intended that this act will not only enhance the security of the
2 public by promoting self-sufficiency, but also draw new industries to
3 Washington.

4 **Sec. 12.** RCW 82.04.240 and 2004 c 24 s 4 are each amended to
5 read as follows:

6 Upon every person engaging within this state in business as a
7 manufacturer or processor for hire, except persons taxable as
8 manufacturers or processors for hire under other provisions of this
9 chapter; as to such persons the amount of the tax with respect to
10 such business shall be equal to the value of the products, including
11 by-products, manufactured or processed, multiplied by the rate of
12 ~~((0.484))~~ 0.00 percent.

13 The measure of the tax is the value of the products, including
14 by-products, so manufactured regardless of the place of sale or the
15 fact that deliveries may be made to points outside the state.

16 **Sec. 13.** RCW 82.04.2404 and 2017 3rd sp.s. c 37 s 503 are each
17 amended to read as follows:

18 (1) Upon every person engaging within this state in the business
19 of manufacturing or processing for hire semiconductor materials, as
20 to such persons the amount of tax with respect to such business is,
21 in the case of manufacturers, equal to the value of the product
22 manufactured, or, in the case of processors for hire, equal to the
23 gross income of the business, multiplied by the rate of ~~((0.275))~~
24 0.00 percent.

25 (2) For the purposes of this section "semiconductor materials"
26 means silicon crystals, silicon ingots, raw polished semiconductor
27 wafers, and compound semiconductor wafers.

28 ~~(3) ((A person reporting under the tax rate provided in this
29 section must file a complete annual tax performance report with the
30 department under RCW 82.32.534.~~

31 ~~(4) Any person who has claimed the preferential tax rate under
32 this section must reimburse the department for fifty percent of the
33 amount of the tax preference under this section, if:~~

34 ~~(a) The number of persons employed by the person claiming the tax
35 preference is less than ninety percent of the person's three-year
36 employment average for the three years immediately preceding the year
37 in which the preferential tax rate is claimed; or~~

1 ~~(b) The person is subject to a review under section 501(4)(a),~~
2 ~~chapter 37, Laws of 2017 3rd sp. sess. and such person does not meet~~
3 ~~performance criteria in section 501(4)(a), chapter 37, Laws of 2017~~
4 ~~3rd sp. sess.~~

5 ~~(5))~~ This section expires December 1, 2028.

6 **Sec. 14.** RCW 82.04.260 and 2020 c 165 s 3 are each amended to
7 read as follows:

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

10 (a) Wheat into flour, barley into pearl barley, soybeans into
11 soybean oil, canola into canola oil, canola meal, or canola by-
12 products, or sunflower seeds into sunflower oil; as to such persons
13 the amount of tax with respect to such business is equal to the value
14 of the flour, pearl barley, oil, canola meal, or canola by-product
15 manufactured, multiplied by the rate of ~~((0.138))~~ 0.00 percent;

16 (b) Beginning July 1, 2025, seafood products that remain in a
17 raw, raw frozen, or raw salted state at the completion of the
18 manufacturing by that person; or selling manufactured seafood
19 products that remain in a raw, raw frozen, or raw salted state at the
20 completion of the manufacturing, to purchasers who transport in the
21 ordinary course of business the goods out of this state; as to such
22 persons the amount of tax with respect to such business is equal to
23 the value of the products manufactured multiplied by the rate of 0.00
24 percent or the gross proceeds derived from such sales, multiplied by
25 the rate of 0.138 percent. Sellers must keep and preserve records for
26 the period required by RCW 82.32.070 establishing that the goods were
27 transported by the purchaser in the ordinary course of business out
28 of this state;

29 (c)(i) Except as provided otherwise in (c)(iii) of this
30 subsection, from July 1, 2025, until January 1, 2036, dairy products;
31 or selling dairy products that the person has manufactured to
32 purchasers who either transport in the ordinary course of business
33 the goods out of state or purchasers who use such dairy products as
34 an ingredient or component in the manufacturing of a dairy product;
35 as to such persons the tax imposed is equal to the value of the
36 products manufactured multiplied by the rate of 0.00 percent or the
37 gross proceeds derived from such sales multiplied by the rate of
38 0.138 percent. Sellers must keep and preserve records for the period
39 required by RCW 82.32.070 establishing that the goods were

1 transported by the purchaser in the ordinary course of business out
2 of this state or sold to a manufacturer for use as an ingredient or
3 component in the manufacturing of a dairy product.

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

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

10 (B) Products comprised of not less than (~~seventy~~) 70 percent
11 dairy products that qualify under (c)(ii)(A) of this subsection,
12 measured by weight or volume.

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

18 (d)(i) Beginning July 1, 2025, fruits or vegetables by canning,
19 preserving, freezing, processing, or dehydrating fresh fruits or
20 vegetables, or selling at wholesale fruits or vegetables manufactured
21 by the seller by canning, preserving, freezing, processing, or
22 dehydrating fresh fruits or vegetables and sold to purchasers who
23 transport in the ordinary course of business the goods out of this
24 state; as to such persons the amount of tax with respect to such
25 business is equal to the value of the products manufactured
26 multiplied by the rate of 0.00 percent or the gross proceeds derived
27 from such sales multiplied by the rate of 0.138 percent. Sellers must
28 keep and preserve records for the period required by RCW 82.32.070
29 establishing that the goods were transported by the purchaser in the
30 ordinary course of business out of this state.

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

34 (e) Wood biomass fuel; as to such persons the amount of tax with
35 respect to the business is equal to the value of wood biomass fuel
36 manufactured, multiplied by the rate of (~~0.138~~) 0.00 percent. For
37 the purposes of this section, "wood biomass fuel" means a liquid or
38 gaseous fuel that is produced from lignocellulosic feedstocks,
39 including wood, forest, or field residue and dedicated energy crops,

1 and that does not include wood treated with chemical preservations
2 such as creosote, pentachlorophenol, or copper-chrome-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)~~) 0.00
7 percent.

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

13 (4) Upon every person engaging within this state in the business
14 of slaughtering, breaking and/or processing perishable meat products
15 and/or selling the same at wholesale only and not at retail; as to
16 such persons the tax imposed is equal to the gross proceeds derived
17 from such sales multiplied by the rate of (~~(0.138)~~) 0.00 percent.

18 (5) (a) Upon every person engaging within this state in the
19 business of acting as a travel agent or tour operator and whose
20 annual taxable amount for the prior calendar year was (~~(two hundred~~
21 ~~fifty thousand dollars)~~) \$250,000 or less; as to such persons the
22 amount of the tax with respect to such activities is equal to the
23 gross income derived from such activities multiplied by the rate of
24 0.275 percent.

25 (b) Upon every person engaging within this state in the business
26 of acting as a travel agent or tour operator and whose annual taxable
27 amount for the calendar year was more than (~~(two hundred fifty~~
28 ~~thousand dollars)~~) \$250,000; as to such persons the amount of the tax
29 with respect to such activities is equal to the gross income derived
30 from such activities multiplied by the rate of 0.275 percent through
31 June 30, 2019, and 0.9 percent beginning July 1, 2019.

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

39 (7) Upon every person engaging within this state in the business
40 of stevedoring and associated activities pertinent to the movement of

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

28 (8) (a) Upon every person engaging within this state in the
29 business of disposing of low-level waste, as defined in RCW
30 (~~(43.145.010)~~) 70A.380.010; as to such persons the amount of the tax
31 with respect to such business is equal to the gross income of the
32 business, excluding any fees imposed under chapter (~~(43.200)~~) 70A.384
33 RCW, multiplied by the rate of 3.3 percent.

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

38 (9) Upon every person engaging within this state as an insurance
39 producer or title insurance agent licensed under chapter 48.17 RCW or
40 a surplus line broker licensed under chapter 48.15 RCW; as to such

1 persons, the amount of the tax with respect to such licensed
2 activities is equal to the gross income of such business multiplied
3 by the rate of 0.484 percent.

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

11 (11)(a) Beginning October 1, 2005, upon every person engaging
12 within this state in the business of manufacturing commercial
13 airplanes, or components of such airplanes, or making sales, at
14 retail or wholesale, of commercial airplanes or components of such
15 airplanes, manufactured by the seller, as to such persons the amount
16 of tax with respect to such business is, in the case of
17 manufacturers, equal to the value of the product manufactured and the
18 gross proceeds of sales of the product manufactured, or in the case
19 of processors for hire, equal to the gross income of the business,
20 multiplied by the rate of:

21 (i) 0.4235 percent from October 1, 2005, through June 30, 2007;

22 (ii) 0.2904 percent beginning July 1, 2007, through March 31,
23 2020; (~~and~~)

24 (iii) Beginning April 1, 2020, 0.484 percent, subject to any
25 reduction required under (e) of this subsection (11). The tax rate in
26 this subsection (11)(a)(iii) applies to (~~all~~) retailing and
27 wholesaling business activities described in this subsection (11)(a);
28 and

29 (iv) Beginning January 1, 2022, 0.00 percent for manufacturing
30 activities described in this subsection (11)(a).

31 (b) Beginning July 1, 2008, upon every person who is not eligible
32 to report under the provisions of (a) of this subsection (11) and is
33 engaging within this state in the business of manufacturing tooling
34 specifically designed for use in manufacturing commercial airplanes
35 or components of such airplanes, or making sales, at retail or
36 wholesale, of such tooling manufactured by the seller, as to such
37 persons the amount of tax with respect to such business is, in the
38 case of manufacturers, equal to the value of the product manufactured
39 and the gross proceeds of sales of the product manufactured, or in

1 the case of processors for hire, be equal to the gross income of the
2 business, multiplied by the rate of:

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

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

6 (A) The generally applicable rate under (~~RCW 82.04.250(1)~~) this
7 chapter on the business of making retail or wholesale sales of
8 tooling specifically designed for use in manufacturing commercial
9 airplanes or components of such airplanes; and

10 (B) (~~0.484~~) 0.00 percent on all other business activities
11 described in this subsection (11) (b) beginning January 1, 2022.

12 (c) For the purposes of this subsection (11), "commercial
13 airplane" and "component" have the same meanings as provided in RCW
14 82.32.550.

15 (d) (i) In addition to all other requirements under this title, a
16 person reporting (~~under the tax rate~~) a preferential tax rate for
17 retailing or wholesaling activities provided in this subsection (11)
18 must file a complete annual tax performance report with the
19 department under RCW 82.32.534. However, this requirement does not
20 apply to persons reporting under the tax rate in (a) (iii) of this
21 subsection (11), so long as that rate remains 0.484 percent, or under
22 any of the tax rates in (b) (ii) (A) and (B) of this subsection (11),
23 so long as those tax rates remain the rate imposed pursuant to RCW
24 82.04.250(1) and 0.484 percent, respectively.

25 (ii) Nothing in (d) (i) of this subsection (11) may be construed
26 as affecting the obligation of a person reporting under a tax rate
27 provided in this subsection (11) to file a complete annual tax
28 performance report with the department under RCW 82.32.534: (A)
29 Pursuant to another provision of this title as a result of claiming a
30 tax credit or exemption; or (B) pursuant to (d) (i) of this subsection
31 (11) as a result of claiming the tax rates in (a) (ii) or (b) (i) of
32 this subsection (11) for periods ending before April 1, 2020.

33 (e) (i) After March 31, 2021, the tax rates under (a) (iii) and
34 (b) (ii) (A) of this subsection (11) must be reduced to 0.357 percent
35 for retailing and wholesaling activities provided the conditions in
36 RCW 82.04.2602 are met. The effective date of the rates authorized
37 under this subsection (11) (e) must occur on the first day of the next
38 calendar quarter that is at least (~~sixty~~) 60 days after the
39 department receives the last of the two written notices pursuant to
40 RCW 82.04.2602 (3) and (4).

1 (ii) Both a significant commercial airplane manufacturer
2 separately and the rest of the aerospace industry as a whole,
3 receiving the rate of 0.357 percent under this subsection (11)(e) are
4 subject to the aerospace apprenticeship utilization rates required
5 under RCW 49.04.220 by April 1, 2026, or five years after the
6 effective date of the 0.357 percent rate authorized under this
7 subsection (11)(e), whichever is later, as determined by the
8 department of labor and industries.

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

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

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

27 (g) For the purposes of this subsection, "a significant
28 commercial airplane manufacturer" means a manufacturer of commercial
29 airplanes with at least (~~fifty thousand~~) 50,000 full-time employees
30 in Washington as of January 1, 2021.

31 (12)(a) Until July 1, 2045, upon every person engaging within
32 this state in the business of extracting timber or extracting for
33 hire timber; as to such persons the amount of tax with respect to the
34 business is, in the case of extractors, equal to the value of
35 products, including by-products, extracted, or in the case of
36 extractors for hire, equal to the gross income of the business,
37 multiplied by the rate of 0.4235 percent from July 1, 2006, through
38 June 30, 2007, and (~~0.2904~~) 0.00 percent from July 1, 2007, through
39 June 30, 2045.

1 (b) Until July 1, 2045, upon every person engaging within this
2 state in the business of manufacturing or processing for hire: (i)
3 Timber into timber products or wood products; (ii) timber products
4 into other timber products or wood products; or (iii) products
5 defined in RCW 19.27.570(1); as to such persons the amount of the tax
6 with respect to the business is, in the case of manufacturers, equal
7 to the value of products, including by-products, manufactured, or in
8 the case of processors for hire, equal to the gross income of the
9 business, multiplied by the rate of 0.4235 percent from July 1, 2006,
10 through June 30, 2007, and (~~(0.2904)~~) 0.00 percent from July 1, 2007,
11 through June 30, 2045.

12 (c) Until July 1, 2045, upon every person engaging within this
13 state in the business of selling at wholesale: (i) Timber extracted
14 by that person; (ii) timber products manufactured by that person from
15 timber or other timber products; (iii) wood products manufactured by
16 that person from timber or timber products; or (iv) products defined
17 in RCW 19.27.570(1) manufactured by that person; as to such persons
18 the amount of the tax with respect to the business is equal to the
19 gross proceeds of sales of the timber, timber products, wood
20 products, or products defined in RCW 19.27.570(1) multiplied by the
21 rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and
22 (~~(0.2904)~~) 0.00 percent from July 1, 2007, through June 30, 2045.

23 (d) Until July 1, 2045, upon every person engaging within this
24 state in the business of selling standing timber; as to such persons
25 the amount of the tax with respect to the business is equal to the
26 gross income of the business multiplied by the rate of 0.2904
27 percent. For purposes of this subsection (12)(d), "selling standing
28 timber" means the sale of timber apart from the land, where the buyer
29 is required to sever the timber within (~~(thirty)~~) 30 months from the
30 date of the original contract, regardless of the method of payment
31 for the timber and whether title to the timber transfers before,
32 upon, or after severance.

33 (e) For purposes of this subsection, the following definitions
34 apply:

35 (i) "Biocomposite surface products" means surface material
36 products containing, by weight or volume, more than (~~(fifty)~~) 50
37 percent recycled paper and that also use nonpetroleum-based phenolic
38 resin as a bonding agent.

39 (ii) "Paper and paper products" means products made of interwoven
40 cellulosic fibers held together largely by hydrogen bonding. "Paper

1 and paper products" includes newsprint; office, printing, fine, and
2 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
3 kraft bag, construction, and other kraft industrial papers;
4 paperboard, liquid packaging containers, containerboard, corrugated,
5 and solid-fiber containers including linerboard and corrugated
6 medium; and related types of cellulosic products containing
7 primarily, by weight or volume, cellulosic materials. "Paper and
8 paper products" does not include books, newspapers, magazines,
9 periodicals, and other printed publications, advertising materials,
10 calendars, and similar types of printed materials.

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

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

21 (v) "Timber products" means:

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

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

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

29 (vi) "Wood products" means paper and paper products; dimensional
30 lumber; engineered wood products such as particleboard, oriented
31 strand board, medium density fiberboard, and plywood; wood doors;
32 wood windows; and biocomposite surface products.

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

37 (g) Nothing in this subsection (12) may be construed to affect
38 the taxation of any activity defined as a retail sale in RCW
39 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW
40 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

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

6 (14)(a) Upon every person engaging within this state in the
7 business of printing a newspaper, publishing a newspaper, or both,
8 the amount of tax on such business is equal to the gross income of
9 the business multiplied by the rate of 0.35 percent until July 1,
10 2024, and 0.484 percent thereafter.

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

14 **Sec. 15.** RCW 82.04.2909 and 2017 c 135 s 12 are each amended to
15 read as follows:

16 (1) Upon every person who is an aluminum smelter engaging within
17 this state in the business of manufacturing aluminum; as to such
18 persons the amount of tax with respect to such business is, in the
19 case of manufacturers, equal to the value of the product
20 manufactured, or in the case of processors for hire, equal to the
21 gross income of the business, multiplied by the rate of (~~(.2904)~~)
22 0.00 percent.

23 (2) Upon every person who is an aluminum smelter engaging within
24 this state in the business of making sales at wholesale of aluminum
25 manufactured by that person, as to such persons the amount of tax
26 with respect to such business is equal to the gross proceeds of sales
27 of the aluminum multiplied by the rate of .2904 percent.

28 (3) A person reporting under the tax rate provided in subsection
29 (2) of this section must file a complete annual tax performance
30 report with the department under RCW 82.32.534.

31 (4) This section expires January 1, 2027.

32 **Sec. 16.** RCW 82.04.294 and 2017 3rd sp.s. c 37 s 403 are each
33 amended to read as follows:

34 (1) Upon every person engaging within this state in the business
35 of manufacturing solar energy systems using photovoltaic modules or
36 stirling converters, or of manufacturing solar grade silicon, silicon
37 solar wafers, silicon solar cells, thin film solar devices, or
38 compound semiconductor solar wafers to be used exclusively in

1 components of such systems; as to such persons the amount of tax with
2 respect to such business is, in the case of manufacturers, equal to
3 the value of the product manufactured, or in the case of processors
4 for hire, equal to the gross income of the business, multiplied by
5 the rate of (~~0.275~~) 0.00 percent.

6 (2) Upon every person engaging within this state in the business
7 of making sales at wholesale of solar energy systems using
8 photovoltaic modules or stirling converters, or of solar grade
9 silicon, silicon solar wafers, silicon solar cells, thin film solar
10 devices, or compound semiconductor solar wafers to be used
11 exclusively in components of such systems, manufactured by that
12 person; as to such persons the amount of tax with respect to such
13 business is equal to the gross proceeds of sales of the solar energy
14 systems using photovoltaic modules or stirling converters, or of the
15 solar grade silicon to be used exclusively in components of such
16 systems, multiplied by the rate of 0.275 percent.

17 (3) Silicon solar wafers, silicon solar cells, thin film solar
18 devices, solar grade silicon, or compound semiconductor solar wafers
19 are "semiconductor materials" for the purposes of RCW 82.08.9651 and
20 82.12.9651.

21 (4) The definitions in this subsection apply throughout this
22 section.

23 (a) "Compound semiconductor solar wafers" means a semiconductor
24 solar wafer composed of elements from two or more different groups of
25 the periodic table.

26 (b) "Module" means the smallest nondivisible self-contained
27 physical structure housing interconnected photovoltaic cells and
28 providing a single direct current electrical output.

29 (c) "Photovoltaic cell" means a device that converts light
30 directly into electricity without moving parts.

31 (d) "Silicon solar cells" means a photovoltaic cell manufactured
32 from a silicon solar wafer.

33 (e) "Silicon solar wafers" means a silicon wafer manufactured for
34 solar conversion purposes.

35 (f) "Solar energy system" means any device or combination of
36 devices or elements that rely upon direct sunlight as an energy
37 source for use in the generation of electricity.

38 (g) "Solar grade silicon" means high-purity silicon used
39 exclusively in components of solar energy systems using photovoltaic

1 modules to capture direct sunlight. "Solar grade silicon" does not
2 include silicon used in semiconductors.

3 (h) "Stirling converter" means a device that produces electricity
4 by converting heat from a solar source utilizing a stirling engine.

5 (i) "Thin film solar devices" means a nonparticipating substrate
6 on which various semiconducting materials are deposited to produce a
7 photovoltaic cell that is used to generate electricity.

8 (5) A person reporting under the tax rate provided in subsection
9 (2) of this section must file a complete annual tax performance
10 report with the department under RCW 82.32.534.

11 (6) This section expires July 1, 2027.

12 **Sec. 17.** RCW 82.04.280 and 2019 c 449 s 1 are each amended to
13 read as follows:

14 (1) Upon every person engaging within this state in the business
15 of: (a) Printing materials other than newspapers, and of publishing
16 periodicals or magazines; (b) building, repairing or improving any
17 street, place, road, highway, easement, right-of-way, mass public
18 transportation terminal or parking facility, bridge, tunnel, or
19 trestle which is owned by a municipal corporation or political
20 subdivision of the state or by the United States and which is used or
21 to be used, primarily for foot or vehicular traffic including mass
22 transportation vehicles of any kind and including any readjustment,
23 reconstruction or relocation of the facilities of any public, private
24 or cooperatively owned utility or railroad in the course of such
25 building, repairing or improving, the cost of which readjustment,
26 reconstruction, or relocation, is the responsibility of the public
27 authority whose street, place, road, highway, easement, right-of-way,
28 mass public transportation terminal or parking facility, bridge,
29 tunnel, or trestle is being built, repaired or improved; (c)
30 extracting for hire (~~(or processing for hire)~~), except persons
31 taxable as extractors for hire (~~(or processors for hire)~~) under
32 another section of this chapter; (d) operating a cold storage
33 warehouse or storage warehouse, but not including the rental of cold
34 storage lockers; (e) representing and performing services for fire or
35 casualty insurance companies as an independent resident managing
36 general agent licensed under the provisions of chapter 48.17 RCW; (f)
37 radio and television broadcasting, but excluding revenues from
38 network, national, and regional advertising computed either: (i) As a
39 standard deduction that the department must publish by rule by

1 September 30, 2020, and by September 30th of every fifth year
2 thereafter, based on the national average thereof as reported by the
3 United States census bureau's economic census; or (ii) in lieu
4 thereof by itemization by the individual broadcasting station, and
5 excluding that portion of revenue represented by the out-of-state
6 audience computed as a ratio to the broadcasting station's total
7 audience as measured by the .5 millivolt/meter signal strength
8 contour for AM radio, the one millivolt/meter or (~~sixty~~) 60 dBu
9 signal strength contour for FM radio, the (~~twenty-eight~~) 28 dBu
10 signal strength contour for television channels two through six, the
11 (~~thirty-six~~) 36 dBu signal strength contour for television channels
12 seven through (~~thirteen~~) 13, and the (~~forty-one~~) 41 dBu signal
13 strength contour for television channels (~~fourteen~~) 14 through
14 (~~sixty-nine~~) 69 with delivery by wire, satellite, or any other
15 means, if any; (g) engaging in activities which bring a person within
16 the definition of consumer contained in RCW 82.04.190(6); as to such
17 persons, the amount of tax on such business is equal to the gross
18 income of the business multiplied by the rate of 0.484 percent.

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

21 (a) "Cold storage warehouse" means a storage warehouse used to
22 store fresh and/or frozen perishable fruits or vegetables, meat,
23 seafood, dairy products, or fowl, or any combination thereof, at a
24 desired temperature to maintain the quality of the product for
25 orderly marketing.

26 (b) "Storage warehouse" means a building or structure, or any
27 part thereof, in which goods, wares, or merchandise are received for
28 storage for compensation, except field warehouses, fruit warehouses,
29 fruit packing plants, warehouses licensed under chapter 22.09 RCW,
30 public garages storing automobiles, railroad freight sheds, docks and
31 wharves, and "self-storage" or "mini storage" facilities whereby
32 customers have direct access to individual storage areas by separate
33 entrance. "Storage warehouse" does not include a building or
34 structure, or that part of such building or structure, in which an
35 activity taxable under RCW 82.04.272 is conducted.

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

1 **Sec. 18.** RCW 82.32.790 and 2019 c 449 s 2 are each amended to
2 read as follows:

3 (1)(a) Section ((2)) 1, chapter 449, Laws of 2019, sections 510,
4 512, 514, 516, ((518-7)) 520, 522, and 524, chapter 37, Laws of 2017
5 3rd sp. sess., sections ((9-7)) 13, 17, 22, 24, 30, 32, and 45,
6 chapter 135, Laws of 2017, sections ((104-7)) 110, 117, 123, 125, 129,
7 131, and 150, chapter 114, Laws of 2010, and sections 1, 2, ((3-7))
8 and 5 through 10, chapter 149, Laws of 2003 are contingent upon the
9 siting and commercial operation of a significant semiconductor
10 microchip fabrication facility in the state of Washington by January
11 1, 2024.

12 (b) For the purposes of this section:

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

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

17 (iii) "Significant" means the combined investment of new
18 buildings and new machinery and equipment in the buildings, at the
19 commencement of commercial production, will be at least ((one billion
20 dollars)) \$1,000,000,000.

21 (2) The sections referenced in subsection (1) of this section
22 take effect the first day of the month in which a contract for the
23 construction of a significant semiconductor fabrication facility is
24 signed, if the contract is signed and received by January 1, 2024, as
25 determined by the director of the department of revenue.

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

30 (b) If, after making a determination that a contract has been
31 signed and the sections referenced in subsection (1) of this section
32 are effective, the department discovers that commencement of
33 commercial production did not take place within three years of the
34 date the contract was signed, the department must make a
35 determination that chapter 149, Laws of 2003 is no longer effective,
36 and all taxes that would have been otherwise due are deemed deferred
37 taxes and are immediately assessed and payable from any person
38 reporting tax under RCW 82.04.240(2) or claiming an exemption or
39 credit under RCW 82.04.426, 82.04.448, 82.08.965, 82.12.965,
40 82.08.970, 82.12.970, or 84.36.645. The department is not authorized

1 to make a second determination regarding the effective date of the
2 sections referenced in subsection (1) of this section.

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

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

10 NEW SECTION. **Sec. 19.** 2017 3rd sp.s. c 37 s 518, 2017 c 135 s
11 9, 2010 c 114 s 104, & 2003 c 149 s 3 are each repealed.

12 NEW SECTION. **Sec. 20.** Sections 11 through 19 of this act take
13 effect January 1, 2022.

14 **PART IV**

15 **PROVIDING PROPERTY TAX RELIEF FOR HOMEOWNERS**

16 NEW SECTION. **Sec. 21.** A new section is added to chapter 84.36
17 RCW to read as follows:

18 (1) The definitions in this subsection apply throughout this
19 section unless the context clearly requires otherwise.

20 (a) "Claimant" means an individual who has applied for or is
21 receiving a homestead exemption.

22 (b) "Homestead exemption" means an exemption from a portion of
23 state property taxes.

24 (c) "Manufactured/mobile home," "manufactured housing
25 cooperative," "mobile home park cooperative," and "park model" have
26 the same meanings as provided in RCW 59.20.030.

27 (d) "Residence" means a single-family dwelling unit whether such
28 unit is separate or part of a multiunit dwelling, including the land
29 on which such dwelling stands. "Residence" includes:

30 (i) A single-family dwelling situated upon lands the fee of which
31 is vested in or held in trust by the United States or any of its
32 instrumentalities, a federally recognized Indian tribe, the state of
33 Washington or any of its political subdivisions, or a municipal
34 corporation;

35 (ii) A single-family dwelling consisting of a manufactured/mobile
36 home or park model that has substantially lost its identity as a

1 mobile unit by virtue of its being fixed in location and placed on a
2 foundation with fixed pipe connections with sewer, water, or other
3 utilities; and

4 (iii) A single-family dwelling consisting of a floating home as
5 defined in RCW 82.45.032.

6 (2)(a) Subject to the conditions in this section, a portion of
7 the assessed value of a residence is exempt from the total state
8 property tax under RCW 84.52.065 (1) and (2). Beginning with taxes
9 levied for collection in calendar year 2023 and subject to the
10 adjustments and limitations in subsection (3) of this section, the
11 exemption from state property taxes is equal to:

12 (i) The first \$100,000 of valuation of each residential tax
13 parcel consisting of fewer than three residences; and

14 (ii) The first \$100,000 of valuation of each residence within a
15 multiunit residential dwelling wherein each residence is owned and
16 taxed separately or is owned by members of a cooperative housing
17 association, corporation, or partnership.

18 (b) For taxes levied for collection in calendar year 2024 and
19 each subsequent year thereafter, the amount of homestead exemption
20 must be increased from the prior year's exemption amount by the
21 percentage growth in the state levy for the prior calendar year. The
22 department is responsible for making a determination of any increase
23 in the amount of the homestead exemption and may round the dollar
24 amount of the homestead exemption to the nearest thousand dollars.

25 (3)(a) The county assessor must multiply the amount of the
26 homestead exemption for a tax year by the combined indicated ratio
27 fixed by the department for the county in which the residence is
28 located and used by the department to determine the equalized state
29 levy rate for that county for that tax year.

30 (b) The amount of the homestead exemption for a residence may not
31 result in a tax reduction that exceeds the amount of state property
32 taxes that would otherwise be levied on that residence.

33 (4) The homestead exemption is in addition to the exemption
34 provided in RCW 84.36.379 through 84.36.389.

35 (5)(a) The homestead exemption must be claimed and renewed on
36 declaration and renewal declaration forms developed by the department
37 or by the county assessor and approved by the department. Each county
38 assessor must make declaration and renewal declaration forms
39 available at the assessor's office, on the assessor's official
40 website, and by mail or email upon request.

1 (b) The claimant or his or her designated agent or legal guardian
2 must sign the declaration or renewal declaration declaring that the
3 property for which a homestead exemption is sought is the claimant's
4 principal residence within the meaning of subsection (6)(a) and (b)
5 of this section. If the claimant resides in a cooperative housing
6 association, corporation, or partnership, the declaration or renewal
7 declaration must also be signed by the authorized agent of such
8 cooperative. If the claimant holds a life estate in the residence for
9 which a homestead exemption is claimed and the claimant is not shown
10 on the tax rolls as the taxpayer for that residence, the remainderman
11 or other person shown on the tax rolls as the taxpayer must also sign
12 the declaration or renewal declaration. All signatures on a
13 declaration or renewal declaration must be made under penalty of
14 perjury.

15 (c) Notice of the homestead exemption and where to obtain further
16 information about the exemption must be included on or with property
17 tax statements and revaluation notices for residential property. The
18 department and each county assessor are required to publicize the
19 qualifications and manner of making claims for the homestead
20 exemption, including such paid advertisements or notices as deemed
21 appropriate in the sole discretion of the department and county
22 assessors.

23 (6) The following conditions apply to homestead exemptions:

24 (a) The residence must be occupied by the claimant as his or her
25 principal place of residence as of the date of the signed declaration
26 or renewal declaration under subsection (5) of this section. A
27 claimant who sells, transfers, or is displaced from his or her
28 residence may transfer his or her exemption status to a replacement
29 residence, but no claimant may receive a homestead exemption on more
30 than one residence in any calendar year. However, the confinement of
31 the claimant to a hospital, nursing home, assisted living facility,
32 or adult family home will not disqualify the claim of exemption if:

33 (i) The residence is temporarily unoccupied;

34 (ii) The residence is occupied by either a spouse, state
35 registered domestic partner, or a person financially dependent on the
36 claimant for support, or both; or

37 (iii) The residence is rented for the purpose of paying the
38 claimant's costs of a nursing home, hospital, assisted living
39 facility, or adult family home.

1 (b) At the time of signing the declaration or renewal
2 declaration:

3 (i) The claimant must have owned, in fee or by contract purchase,
4 or have held a life estate in, the residence for which the homestead
5 exemption is claimed; or

6 (ii) If the claimant resides in a cooperative housing
7 association, corporation, or partnership, including a mobile home
8 park cooperative or manufactured housing cooperative, the claimant
9 must own a share in the cooperative representing the unit or dwelling
10 in which he or she resides or the lot on which his or her
11 manufactured/mobile home or park model is situated.

12 (c) For purposes of this subsection, a residence owned by a
13 marital community, state registered domestic partners, or cotenants
14 is deemed to be owned by each spouse, domestic partner, or cotenant,
15 and any lease for life is deemed a life estate.

16 (d) Except as provided in (e) of this subsection, the declaration
17 form identified in subsection (5) of this section must be signed and
18 returned to the county assessor no later than June 30th for exemption
19 from state taxes payable the following year.

20 (e) A homestead exemption continues for no more than six
21 consecutive years unless a renewal declaration is filed with the
22 county assessor. At least once every six years the county assessor
23 must, no later than March 1st, notify claimants currently receiving a
24 homestead exemption of the requirement to file a renewal declaration.
25 The county assessor may also require a renewal declaration following
26 any change in state law regarding the qualifications or conditions
27 for the homestead exemption. Each claimant receiving a homestead
28 exemption must file with the county assessor a renewal declaration no
29 later than June 30th of the year the assessor notifies such person of
30 the requirement to file the renewal declaration.

31 (f) (i) The assessed value of a dwelling owned by a cooperative
32 housing association, corporation, or partnership must be reduced, for
33 purposes of state property taxes levied on the dwelling, by the
34 amount of homestead exemption to which a claimant residing in that
35 dwelling is entitled. The cooperative must pass the full amount of
36 its property tax savings under this section to its members in
37 proportion to each member's homestead exemption. The cooperative may
38 meet its obligation under this subsection (6)(f)(i) by reducing the
39 amount owed by the members to the cooperative or, if no amount be
40 owed, by making payment to the members.

1 (ii) A mobile home park cooperative or manufactured housing
2 cooperative is entitled to any unused portion of the homestead
3 exemption of its members. A mobile home park cooperative or
4 manufactured housing cooperative receiving the unused portion of the
5 homestead exemption of its members must pass the full amount of its
6 property tax savings to its members in proportion to each member's
7 unused homestead exemption. The cooperative may meet its obligation
8 under this subsection (6)(f)(ii) by reducing the amount owed by the
9 members to the cooperative or, if no amount be owed, by making
10 payment to the members. For purposes of this subsection (6)(f)(ii),
11 "unused portion of the homestead exemption" means the amount by which
12 the maximum allowable homestead exemption exceeds the assessed value
13 of the manufactured/mobile home or park model owned by a member of
14 the mobile home park cooperative or manufactured housing cooperative.

15 (g) A claimant granted a homestead exemption must immediately
16 inform the county assessor, on forms created or approved by the
17 department, of any change in status affecting the claimant's
18 entitlement to a homestead exemption.

19 (h) Where a claimant has a life estate in his or her residence
20 and a remainderman or other person would have otherwise paid the
21 state property tax exempted on the residence as a result of the
22 claimant's homestead exemption, such remainderman or other person
23 must reduce the amount owed by the claimant to the remainderman or
24 other person by the amount of the tax savings from the claimant's
25 homestead exemption. If no amount is owed by the claimant to the
26 remainderman or other person, the remainderman or other person must
27 make payment to the claimant in the full amount of the tax savings
28 from the claimant's homestead exemption.

29 (7)(a)(i) If the assessor finds that the claimant's residence
30 does not meet the qualifications for a homestead exemption, the
31 assessor must deny or cancel the homestead exemption.

32 (ii) If the assessor receives a declaration or renewal
33 declaration after the deadline in subsection (6)(d) or (e) of this
34 section, the assessor must deny the homestead exemption unless the
35 assessor determines that the claimant qualifies for the homestead
36 exemption and that good cause exists to excuse the late filing. A
37 claimant whose homestead exemption was denied or canceled because the
38 declaration or renewal declaration was filed after the deadline in
39 subsection (6)(d) or (e) of this subsection may seek a refund of
40 state property taxes paid as a result of the denial or cancellation,

1 as provided in RCW 84.69.020. For purposes of this subsection
2 (7)(a)(ii), good cause may be shown by one or more of the following
3 circumstances:

4 (A) Death or serious illness of the claimant or a member of the
5 claimant's immediate family, as defined in RCW 42.17A.005, within two
6 weeks of the due date of the declaration or renewal declaration;

7 (B) The declaration or renewal declaration was mailed timely but
8 inadvertently sent to the wrong address;

9 (C) The claimant received incorrect, ambiguous, or misleading
10 written advice regarding the qualifications or filing requirements
11 for the homestead exemption from the county assessor's staff;

12 (D) Natural disaster, such as flood or earthquake, occurring
13 within two weeks of the due date of the declaration or renewal
14 declaration;

15 (E) Delay or loss of the declaration or renewal declaration by
16 the postal service, and documented by the postal service;

17 (F) The claimant was not sent a notice of the requirement to file
18 a renewal declaration within the six-year period as required by
19 subsection (6)(e) of this section; or

20 (G) Other circumstances as the department may provide by rule.

21 (b) A denial or cancellation under this subsection is subject to
22 appeal under the provisions of RCW 84.48.010 and in accordance with
23 the provisions of RCW 84.40.038.

24 (c) If the assessor determines that the claimant had received a
25 homestead exemption in error in prior years, the county treasurer
26 must collect all state property taxes that would have been paid on
27 the claimant's residence for the prior years had the homestead
28 exemption not been claimed, not to exceed six years. Interest, but
29 not penalties, applies to such taxes and is computed at the same
30 rates and in the same way as interest is computed on delinquent
31 taxes. Taxes and interest imposed under this subsection (7)(c): (i)
32 Must be extended on the tax roll; (ii) are due within 30 days after
33 the date of the treasurer's billing for such taxes and interest; and
34 (iii) constitute a lien on the real property to which the tax and
35 interest applies as provided in chapter 84.60 RCW.

36 (8) The department may conduct audits of the administration of
37 this section and claims filed for the homestead exemption as the
38 department considers necessary. The powers of the department under
39 chapter 84.08 RCW apply to these audits.

1 (9) The homestead exemption under this section applies to the
2 total state property tax levied under RCW 84.52.065. The exemption
3 does not apply to any local property taxes.

4 (10) The department may adopt such rules in accordance with
5 chapter 34.05 RCW, and prescribe such forms, as the department deems
6 necessary and appropriate to implement and administer this section.

7 NEW SECTION. **Sec. 22.** A new section is added to chapter 84.52
8 RCW to read as follows:

9 Pursuant to the provisions of Article VII, section . . . (Senate
10 Joint Resolution No. . . . (S-0947/21)), the state levy must be
11 reduced as necessary to prevent the value exempted under the
12 homestead exemption in section 21 of this act from resulting in a
13 higher tax rate than would have occurred in the absence of the
14 homestead exemption.

15 **Sec. 23.** RCW 84.48.010 and 2017 c 155 s 1 are each amended to
16 read as follows:

17 (1) Prior to July 15th, the county legislative authority must
18 form a board for the equalization of the assessment of the property
19 of the county. The members of the board must receive a per diem
20 amount as set by the county legislative authority for each day of
21 actual attendance of the meeting of the board of equalization to be
22 paid out of the current expense fund of the county. However, when the
23 county legislative authority constitutes the board they may only
24 receive their compensation as members of the county legislative
25 authority. The board of equalization must meet in open session for
26 this purpose annually on the 15th day of July or within fourteen days
27 of certification of the county assessment rolls, whichever is later,
28 and, having each taken an oath fairly and impartially to perform
29 their duties as members of such board, they must examine and compare
30 the returns of the assessment of the property of the county and
31 proceed to equalize the same, so that each tract or lot of real
32 property and each article or class of personal property must be
33 entered on the assessment list at its true and fair value, according
34 to the measure of value used by the county assessor in such
35 assessment year, which is presumed to be correct under RCW
36 84.40.0301, and subject to the following rules:

37 (a) They must raise the valuation of each tract or lot or item of
38 real property which is returned below its true and fair value to such

1 price or sum as to be the true and fair value thereof, after at least
2 five days' notice must have been given in writing to the owner or
3 agent.

4 (b) They must reduce the valuation of each tract or lot or item
5 which is returned above its true and fair value to such price or sum
6 as to be the true and fair value thereof.

7 (c) They must raise the valuation of each class of personal
8 property which is returned below its true and fair value to such
9 price or sum as to be the true and fair value thereof, and they must
10 raise the aggregate value of the personal property of each individual
11 whenever the aggregate value is less than the true valuation of the
12 taxable personal property possessed by such individual, to such sum
13 or amount as to be the true value thereof, after at least five days'
14 notice must have been given in writing to the owner or agent thereof.

15 (d) They must reduce the valuation of each class of personal
16 property enumerated on the detail and assessment list of the current
17 year, which is returned above its true and fair value, to such price
18 or sum as to be the true and fair value thereof; and they must reduce
19 the aggregate valuation of the personal property of such individual
20 who has been assessed at too large a sum to such sum or amount as was
21 the true and fair value of the personal property.

22 (e) The board may review all claims for either real or personal
23 property tax exemption, or homestead exemptions under section 21 of
24 this act, as determined by the county assessor, and must consider any
25 taxpayer appeals from the decision of the assessor thereon to
26 determine (i) if the taxpayer is entitled to an exemption, and (ii)
27 if so, the amount thereof.

28 (2) The board must notify the taxpayer and assessor of the
29 board's decision within forty-five days of any hearing on the
30 taxpayer's appeal of the assessor's valuation of real or personal
31 property.

32 (3) The clerk of the board must keep an accurate journal or
33 record of the proceedings and orders of the board showing the facts
34 and evidence upon which their action is based, and the record must be
35 published the same as other proceedings of county legislative
36 authority, and must make a true record of the changes of the
37 descriptions and assessed values ordered by the county board of
38 equalization. The assessor must correct the real and personal
39 assessment rolls in accordance with the changes made by the county
40 board of equalization.

1 (4) The county board of equalization must meet on the 15th day of
2 July or within fourteen days of certification of the county
3 assessment rolls, whichever is later, and may continue in session and
4 adjourn from time to time during a period not to exceed four weeks,
5 but must remain in session not less than three days. However, the
6 county board of equalization with the approval of the county
7 legislative authority may convene at any time when petitions filed
8 exceed twenty-five, or ten percent of the number of appeals filed in
9 the preceding year, whichever is greater.

10 (5) No taxes, except special taxes, may be extended upon the tax
11 rolls until the property valuations are equalized by the department
12 of revenue for the purpose of raising the state revenue.

13 (6) County legislative authorities as such have at no time any
14 authority to change the valuation of the property of any person or to
15 release or commute in whole or in part the taxes due on the property
16 of any person.

17 **Sec. 24.** RCW 84.69.020 and 2017 3rd sp.s. c 13 s 310 are each
18 amended to read as follows:

19 (1) On the order of the county treasurer, ad valorem taxes paid
20 before or after delinquency must be refunded if they were:

21 ~~((1))~~ (a) Paid more than once;

22 ~~((2))~~ (b) Paid as a result of manifest error in description;

23 ~~((3))~~ (c) Paid as a result of a clerical error in extending the
24 tax rolls;

25 ~~((4))~~ (d) Paid as a result of other clerical errors in listing
26 property;

27 ~~((5))~~ (e) Paid with respect to improvements which did not exist
28 on assessment date;

29 ~~((6))~~ (f) Paid under levies or statutes adjudicated to be
30 illegal or unconstitutional;

31 ~~((7))~~ (g) Paid as a result of mistake, inadvertence, or lack of
32 knowledge by any person exempted from paying real property taxes or a
33 portion thereof pursuant to RCW 84.36.381 through 84.36.389, as now
34 or hereafter amended;

35 ~~((8))~~ (h) Paid as a result of mistake, inadvertence, or lack of
36 knowledge by either a public official or employee or by any person
37 with respect to real property in which the person paying the same has
38 no legal interest;

1 ~~((9))~~ (i) Paid on the basis of an assessed valuation which was
2 appealed to the county board of equalization and ordered reduced by
3 the board;

4 ~~((10))~~ (j) Paid on the basis of an assessed valuation which was
5 appealed to the state board of tax appeals and ordered reduced by the
6 board: PROVIDED, That the amount refunded under (i) and (j) of this
7 subsection~~((s (9) and (10) of this section shall))~~ may only be for
8 the difference between the tax paid on the basis of the appealed
9 valuation and the tax payable on the valuation adjusted in accordance
10 with the board's order;

11 ~~((11))~~ (k) Paid as a state property tax levied upon property,
12 the assessed value of which has been established by the state board
13 of tax appeals for the year of such levy: PROVIDED, HOWEVER, That the
14 amount refunded ~~((shall))~~ may only be for the difference between the
15 state property tax paid and the amount of state property tax which
16 would, when added to all other property taxes within the one percent
17 limitation of Article VII, section 2 of the state Constitution equal
18 one percent of the assessed value established by the board;

19 ~~((12))~~ (l) Paid on the basis of an assessed valuation which was
20 adjudicated to be unlawful or excessive: PROVIDED, That the amount
21 refunded ~~((shall be))~~ is for the difference between the amount of tax
22 which was paid on the basis of the valuation adjudged unlawful or
23 excessive and the amount of tax payable on the basis of the assessed
24 valuation determined as a result of the proceeding;

25 ~~((13))~~ (m) Paid on property acquired under RCW 84.60.050, and
26 canceled under RCW 84.60.050(2);

27 ~~((14))~~ (n) Paid on the basis of an assessed valuation that was
28 reduced under RCW 84.48.065;

29 ~~((15))~~ (o) Paid on the basis of an assessed valuation that was
30 reduced under RCW 84.40.039; or

31 ~~((16))~~ (p) Abated under RCW 84.70.010.

32 (2) No refunds under the provisions of this section ~~((shall))~~ may
33 be made because of any error in determining the valuation of
34 property, except as authorized in subsection~~((s (9), (10), (11), and~~
35 ~~(12))~~ (1) (i) through (l) of this section nor may any refunds be
36 made if a bona fide purchaser has acquired rights that would preclude
37 the assessment and collection of the refunded tax from the property
38 that should properly have been charged with the tax. Any refunds made
39 on delinquent taxes must include the proportionate amount of interest
40 and penalties paid. However, no refunds as a result of an incorrect

1 payment authorized under subsection (~~((8))~~) (1)(h) of this section
2 made by a third party payee (~~(shall)~~) may be granted. The county
3 treasurer may deduct from moneys collected for the benefit of the
4 state's levies, refunds of the state's levies including interest on
5 the levies as provided by this section and chapter 84.68 RCW.

6 (3) The county treasurer of each county must make all refunds
7 determined to be authorized by this section, and by the first Monday
8 in February of each year, report to the county legislative authority
9 a list of all refunds made under this section during the previous
10 year. The list is to include the name of the person receiving the
11 refund, the amount of the refund, and the reason for the refund.

12 NEW SECTION. **Sec. 25.** Sections 21 through 24 of this act take
13 effect January 1, 2022, if the proposed amendment to Article VII of
14 the state Constitution (Senate Joint Resolution No. . . .
15 (S-0947/21)), providing for a homestead exemption, is validly
16 submitted to and is approved and ratified by the voters at the next
17 general election.

18 NEW SECTION. **Sec. 26.** The secretary of state shall submit this
19 act to the people for their adoption and ratification, or rejection,
20 at the next general election to be held in this state, in accordance
21 with Article II, section 1 of the state Constitution and the laws
22 adopted to facilitate its operation."

2SSB 5126 - S AMD 673
By Senator Wagoner

WITHDRAWN 04/08/2021

23 On page 1, line 1 of the title, after "Relating to" strike the
24 remainder of the title and insert "a carbon pollution tax to provide
25 tax relief and mitigate climate risk; amending RCW 82.08.0206,
26 82.04.240, 82.04.2404, 82.04.260, 82.04.2909, 82.04.294, 82.04.280,
27 82.32.790, 84.48.010, and 84.69.020; adding a new section to chapter
28 84.36 RCW; adding a new section to chapter 84.52 RCW; adding a new
29 chapter to Title 82 RCW; creating new sections; repealing 2017 3rd
30 sp.s. c 37 s 518, 2017 c 135 s 9, 2010 c 114 s 104, and 2003 c 149 s
31 3; providing an effective date; providing a contingent effective

1 date; and providing for submission of this act to a vote of the
2 people."

EFFECT: Imposes a carbon pollution tax beginning July 1, 2022, equal to \$15 per metric ton of greenhouse gas emissions on the sale or use of all fossil fuel within the state of Washington, except for the sale or use of electricity in Washington generated using fossil fuels.

Increases the tax rate annually by inflation, as measured by the consumer price index, plus 5 percent beginning July 1, 2023.

Implements the working families tax exemption beginning in 2023 equal to the greater of 10 percent of the federal credit or fifty dollars.

Eliminates the B&O tax for all manufacturing and timber extracting activities.

Exempts the first \$100,000 of valuation of a person's principal residence from state property tax beginning in calendar year 2023.

Requires the first \$500 million of carbon pollution tax proceeds to be deposited in a proposed forest resiliency account for implementation of the department of natural resources' forest health plan and requires all remaining proceeds to be deposited in the state general fund.

Submits the act to the voters for a referendum vote.

--- END ---