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**SENATE BILL 6215**

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**State of Washington 68th Legislature 2024 Regular Session**

**By** Senators Schoesler, Robinson, and Mullet

AN ACT Relating to improving tax and revenue laws in a manner that is not estimated to affect state or local tax collections as reflected on any fiscal note for this act, including provisions easing compliance burdens for taxpayers, clarifying ambiguities, making technical corrections, and providing administrative efficiencies; amending RCW 28A.150.412, 82.04.759, 82.32.783, and 82.12.0266; adding a new section to chapter 82.46 RCW; repealing RCW 19.02.055; and providing an expiration date.

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

**Sec.**  RCW 28A.150.412 and 2018 c 266 s 203 are each amended to read as follows:

(1) Beginning with the 2023 regular legislative session, and every four years thereafter, the legislature shall review and rebase state basic education compensation allocations compared to school district compensation data, regionalization factors, what inflationary measure is the most representative of actual market experience for school districts, and other economic information. The legislature shall revise the minimum allocations, regionalization factors, and inflationary measure if necessary to ensure that state basic education allocations continue to provide market-rate salaries and that regionalization adjustments reflect actual economic differences between school districts.

(2)(a) For school districts with single-family residential values above the statewide median residential value, regionalization factors for school years 2018-19 through school year 2022-23 are as follows:

(i) For school districts in tercile 1, state salary allocations for school district employees are regionalized by six percent;

(ii) For school districts in tercile 2, state salary allocations for school district employees are regionalized by ((~~twelve~~)) 12 percent; and

(iii) For school districts in tercile 3, state salary allocations for school district employees are regionalized by ((~~eighteen~~)) 18 percent.

(b) In addition to the regionalization factors specified in (a) of this subsection, school districts located west of the crest of the Cascade mountains and sharing a boundary with any school district with a regionalization factor more than one tercile higher, are regionalized by six additional percentage points.

(c) In addition to the regionalization factors specified in this subsection, for school districts that have certificated instructional staff median years of experience that exceed the statewide average certificated instructional staff years of experience and a ratio of certificated instructional staff advanced degrees to bachelor degrees above the statewide ratio, an experience factor of four percentage points is added to the regionalization factor, beginning in the 2019-20 school year.

(d) Additional school district adjustments are identified in the omnibus appropriations act, and these adjustments are partially reduced or eliminated by the 2022-23 school year as follows:

(i) Adjustments that increase the regionalization factor to a value that is greater than the tercile 3 regionalization factor must be reduced by two percentage points each school year beginning with school year 2020-21, through 2022-23.

(ii) Adjustments that increase the regionalization factor to a value that is less than or equal to the tercile 3 regionalization factor must be reduced by one percentage point each school year beginning with school year 2020-21, through 2022-23.

(3) To aid the legislature in reviewing and rebasing regionalization factors, the department of revenue shall, by November 1, 2022, and by November 1st every four years thereafter, determine the median single-family residential value of each school district ((~~as well as~~)) and the median single-family residential value ((~~of proximate districts within fifteen miles of the boundary of the~~)) of each school district including any other school district that is proximate to the school district for which the median residential value is being calculated.

(4) No district may receive less state funding for the minimum state salary allocation as compared to its prior school year salary allocation as a result of adjustments that reflect updated regionalized salaries.

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

(a) "Median residential value of each school district" means the median value of all single-family residential parcels included within a school district ((~~and any other school district that is proximate to the school district~~)).

(b) "Proximate to the school district" means within ((~~fifteen~~)) 15 miles of the boundary of the school district for which the median residential value is being calculated.

(c) "School district employees" means state-funded certificated instructional staff, certificated administrative staff, and classified staff.

(d) "School districts in tercile 1" means school districts with median single-family residential values in the first tercile of districts with single-family residential values above the statewide median residential value.

(e) "School districts in tercile 2" means school districts with median single-family residential values in the second tercile of districts with single-family residential values above the statewide median residential value.

(f) "School districts in tercile 3" means school districts with median single-family residential values in the third tercile of districts with single-family residential values above the statewide median residential value.

(g) "Statewide median residential value" means the median value of single-family residential parcels located within all school districts, reduced by five percent.

**Sec.**  RCW 82.04.759 and 2023 c 286 s 2 are each amended to read as follows:

(1) This chapter does not apply to amounts received by any person for engaging in any of the following activities:

(a) Printing a newspaper, publishing a newspaper, or both; or

(b) Publishing eligible digital content by a person who reported under the printing and publishing tax classification for the reporting period that covers January 1, 2008, for engaging in printing and/or publishing a newspaper, as defined on January 1, 2008.

(2) The exemption under this section must be reduced by an amount equal to the value of any expenditure made by the person during the tax reporting period. For purposes of this subsection, "expenditure" has the meaning provided in RCW 42.17A.005.

(3) If a person who is primarily engaged in printing a newspaper, publishing a newspaper, or publishing eligible digital content, or any combination of these activities, charges a single, nonvariable amount to advertise in, subscribe to, or access content in both a publication identified in subsection (1) of this section and another type of publication, the entire amount is exempt under this section.

(4) For purposes of this section, "eligible digital content" means a publication that:

(a) Is published at regularly stated intervals of at least once per month;

(b) Features written content, the largest category of which, as determined by word count, contains material that identifies the author or the original source of the material; and

(c) Is made available to readers exclusively in an electronic format.

(5) The exemption under this section applies only to persons primarily engaged in printing a newspaper, publishing a newspaper, or publishing eligible digital content, or any combination of these activities, unless these business activities were previously engaged in by an affiliated person and were not the affiliated person's primary business activity.

(6) For purposes of this section, the following definitions apply:

(a) "Affiliated" has the same meaning as provided in RCW 82.04.299.

(b) "Primarily" means, with respect to a business activity or combination of business activities of a taxpayer, more ((~~the~~)) than 50 percent of the taxpayer's gross worldwide income from all business activities, whether subject to tax under this chapter or not, comes from such activity or activities.

**Sec.**  RCW 82.32.783 and 2010 c 112 s 3 are each amended to read as follows:

(1)(a) Contractors seeking a new reseller permit or to renew or reinstate a reseller permit must apply to the department in a form and manner prescribed by the department.

(b) As part of the application, the contractor must report the total combined dollar amount of all purchases of materials and labor during the preceding ((~~twenty-four~~)) 24 months for retail construction activity, wholesale construction activity, speculative building, public road construction, and government contracting. If the contractor was not engaged in business as a contractor during the preceding ((~~twenty-four~~)) 24 months, the contractor may provide an estimate of the dollar amount of purchases of materials and labor for retail construction activity, wholesale construction activity, speculative building, public road construction, and government contracting during the ((~~twelve~~))12-month or ((~~twenty-four~~)) 24-month period for which the reseller permit will be valid. The contractor must also report the percentage of its total dollar amount of actual or, if applicable, estimated material and labor purchases that was for retail and wholesale construction activity performed by the applicant.

(c) The department must use its best efforts to rule on applications within ((~~sixty~~)) 60 days of receiving a complete application. If the department fails to rule on an application within ((~~sixty~~)) 60 days of receiving a complete application, the taxpayer may either request a review as provided in subsection (6) of this section or resubmit the application. Nothing in this subsection may be construed as preventing the department from ruling on an application more than ((~~sixty~~)) 60 days after the department received the application.

(d)(i) An application must be denied if:

(A) The department determines that the applicant is not entitled to make purchases at wholesale or is otherwise prohibited from using a reseller permit;

(B) The application contains any material misstatement;

(C) The application is incomplete; or

(D) Less than ((~~twenty-five~~)) 25 percent of the taxpayer's total dollar amount of actual or, if applicable, estimated material and labor purchases as reported on the application is for retail and wholesale construction activity performed by the applicant. However, the department may approve an application not meeting the criteria in this subsection (1)(d)(i)(D) if the department is satisfied that approval is unlikely to jeopardize collection of the taxes due under this title.

(ii) The department may also deny an application if the department determines that denial would be in the best interest of collecting taxes due under this title.

(iii) The department's decision to approve or deny an application may be based on tax returns previously filed with the department by the applicant, a current or previous examination of the applicant's books and records by the department, information provided by the applicant in the master application and the reseller permit application, and other information available to the department.

(e) The department must refuse to accept an application to renew a reseller permit that is received more than ((~~ninety~~)) 90 days before the expiration of the reseller permit.

(2) Notwithstanding subsection (1) of this section, the department may issue or renew a reseller permit for a contractor that has not applied for the permit or renewal of the permit if the department is satisfied that the contractor is entitled to make purchases at wholesale and that issuing or renewing the reseller permit is unlikely to jeopardize collection of sales taxes due under this title based on criteria established by the department by rule. Such criteria may include but is not limited to whether the taxpayer has a previous history of misusing resale certificates or reseller permits or there is any other indication that issuing or renewing the reseller permit would jeopardize collection of sales taxes due from the contractor.

(3)(a) Except as otherwise provided in (b) of this subsection((~~:~~

~~(i) Except as provided in (a)(ii) of this subsection, until June 30, 2013, reseller permits issued, renewed, or reinstated under this section will be valid for a period of twelve months from the date of issuance, renewal, or reinstatement; and~~

~~(ii) Beginning~~)) , beginning July 1, 2013, reseller permits issued, renewed, or reinstated under this section will be valid for a period of ((~~twenty-four~~)) 24 months from the date of issuance, renewal, or reinstatement. ((~~However, the department may issue, renew, or reinstate permits for a period of twenty-four months beginning July 1, 2011, if the department is satisfied in the same manner as set forth in subsection (2) of this section.~~))

(b)(i) A reseller permit is no longer valid if the permit holder's certificate of registration is revoked, the permit holder's tax reporting account is closed by the department, or the permit holder otherwise ceases to engage in business.

(ii) The department may provide by rule for a uniform expiration date for reseller permits issued, renewed, or reinstated under this section, if the department determines that a uniform expiration date for reseller permits will improve administrative efficiency for the department. If the department adopts a uniform expiration date by rule, the department may extend or shorten the ((~~twelve or twenty-four~~)) 24-month period provided in (a)((~~(i) and (ii)~~)) of this subsection for a period not to exceed six months as necessary to conform the reseller permit to the uniform expiration date.

(4)(a) The department may revoke a contractor's reseller permit for any of the following reasons:

(i) The contractor used or allowed or caused its reseller permit to be used to purchase any item or service without payment of sales tax, but the contractor or other purchaser was not entitled to use the reseller permit for the purchase;

(ii) The department issued the reseller permit to the contractor in error;

(iii) The department determines that the contractor is no longer entitled to make purchases at wholesale; or

(iv) The department determines that revocation of the reseller permit would be in the best interest of collecting taxes due under this title.

(b) The notice of revocation must be in writing and is effective on the date specified in the revocation notice. The notice must also advise the contractor of its right to a review by the department.

(c) The department may refuse to reinstate a reseller permit revoked under (a)(i) of this subsection until all taxes, penalties, and interest due on any improperly purchased item or service have been paid in full. In the event a contractor whose reseller permit has been revoked under this subsection reorganizes, the new business resulting from the reorganization is not entitled to a reseller permit until all taxes, penalties, and interest due on any improperly purchased item or service have been paid in full.

(d) For purposes of this subsection, "reorganize" or "reorganization" means: (i) The transfer, however effected, of a majority of the assets of one business to another business where any of the persons having an interest in the ownership or management in the former business maintain an ownership or management interest in the new business, either directly or indirectly; (ii) a mere change in identity or form of ownership, however effected; or (iii) the new business is a mere continuation of the former business based on significant shared features such as owners, personnel, assets, or general business activity.

(5) The department may provide the public with access to reseller permit numbers on its website, including the name of the permit holder, the status of the reseller permit, the expiration date of the permit, and any other information that is disclosable under RCW 82.32.330(3)((~~(l)~~)) (k).

(6) The department must provide by rule for the review of the department's decision to deny, revoke, or refuse to reinstate a reseller permit or the department's failure to rule on an application within the time prescribed in subsection (1)(a) of this section. Such review must be consistent with the requirements of chapter 34.05 RCW.

(7) As part of its continuing efforts to educate taxpayers on their sales and use tax responsibilities, the department will educate taxpayers on the appropriate use of a reseller permit or other documentation authorized under RCW 82.04.470 and the consequences of misusing such permits or other documentation.

(8) As used in this section, the following definitions apply:

(a) "Contractor" means a person whose primary business activity is as a contractor which includes one or more contractor-related activities as defined in RCW 18.27.010 ((~~or an electrical contractor as defined in RCW~~)), 18.106.010, or 19.28.006.

(b) "Government contracting" means the activity described in RCW 82.04.190(6).

(c) "Public road construction" means the activity described in RCW 82.04.190(3).

(d) "Retail construction activity" means any activity defined as a retail sale in RCW 82.04.050(2) (b) or (c).

(e) "Speculative building" means the activities of a speculative builder as the term "speculative builder" is defined by rule of the department.

(f) "Wholesale construction activity" means labor and services rendered for persons who are not consumers in respect to real property, if such labor and services are expressly defined as a retail sale by RCW 82.04.050 when rendered to or for consumers. For purposes of this subsection (8)(f), "consumer" has the same meaning as in RCW 82.04.190.

**Sec.**  RCW 82.12.0266 and 1980 c 37 s 65 are each amended to read as follows:

The provisions of this chapter shall not apply in respect to the use by residents of this state of motor vehicles and trailers acquired and used while such persons are members of the armed services ((~~and~~)) who are stationed outside this state pursuant to military orders((~~, but~~)) and residing outside this state. However, this exemption shall not apply to members of the armed services called to active duty for training purposes for periods of less than six months and shall not apply to the use of motor vehicles or trailers acquired less than ((~~thirty~~)) 30 days prior to the discharge or release from active duty of any person from the armed services.

NEW SECTION. **Sec.**  A new section is added to chapter 82.46 RCW to read as follows:

The following provisions apply to this chapter unless the context clearly requires otherwise.

(1) The taxes imposed under this chapter shall be imposed in the same manner and on the same occurrences, and are subject to the same conditions, as the taxes under chapter 82.45 RCW.

(2) The definitions in chapter 82.45 RCW apply throughout this chapter.

NEW SECTION. **Sec.**  RCW 19.02.055 (Agency duties—Information—Certification) and 2013 c 111 s 2 are each repealed.

NEW SECTION. **Sec.**  Section 2 of this act expires January 1, 2034.

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