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**HOUSE BILL 1981**

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**State of Washington**

**68th Legislature**

**2024 Regular Session**

**By** Representatives Barnard, Stearns, Leavitt, Couture, Connors, Dye, Sandlin, and Hackney

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1 AN ACT Relating to incentivizing clean nuclear energy  
2 manufacturing through preferential business and occupation tax rates;  
3 amending RCW 82.04.260; reenacting and amending RCW 82.04.260;  
4 creating new sections; providing an effective date; and providing an  
5 expiration date.

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

7 NEW SECTION. **Sec. 1.** It is the intent of the legislature to  
8 advance Washington state as a national and worldwide leader in clean  
9 energy technology. In doing so, the legislature recognizes that the  
10 state must attract clean energy manufacturers and nongreenhouse gas  
11 emitting energy producers. By providing preferential business and  
12 occupation tax rates to attract clean energy manufacturers to  
13 Washington state, this policy supports the production of nuclear fuel  
14 for existing reactors, advanced small modular reactors, and micro  
15 modular reactors, which will play an integral role in achieving the  
16 state's bold goals for decarbonization. This policy creates a  
17 competitive economic environment to produce clean energy, increases  
18 Washington state's sustainable energy workforce through creating  
19 lasting family-wage jobs in the clean energy sector, and further  
20 solidifies Washington state as the gold standard for clean energy  
21 policy.

1       **Sec. 2.** RCW 82.04.260 and 2023 c 422 s 5 and 2023 c 286 s 3 are  
2 each reenacted and amended to read as follows:

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

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

11       (b) Beginning July 1, 2035, seafood products that remain in a  
12 raw, raw frozen, or raw salted state at the completion of the  
13 manufacturing by that person; or selling manufactured seafood  
14 products that remain in a raw, raw frozen, or raw salted state at the  
15 completion of the manufacturing, to purchasers who transport in the  
16 ordinary course of business the goods out of this state; as to such  
17 persons the amount of tax with respect to such business is equal to  
18 the value of the products manufactured or the gross proceeds derived  
19 from such sales, multiplied by the rate of 0.138 percent. Sellers  
20 must keep and preserve records for the period required by RCW  
21 82.32.070 establishing that the goods were transported by the  
22 purchaser in the ordinary course of business out of this state;

23       (c)(i) Except as provided otherwise in (c)(iii) of this  
24 subsection, beginning July 1, 2035, until January 1, 2046, dairy  
25 products; or selling dairy products that the person has manufactured  
26 to purchasers who either transport in the ordinary course of business  
27 the goods out of state or purchasers who use such dairy products as  
28 an ingredient or component in the manufacturing of a dairy product;  
29 as to such persons the tax imposed is equal to the value of the  
30 products manufactured or the gross proceeds derived from such sales  
31 multiplied by the rate of 0.138 percent. Sellers must keep and  
32 preserve records for the period required by RCW 82.32.070  
33 establishing that the goods were transported by the purchaser in the  
34 ordinary course of business out of this state or sold to a  
35 manufacturer for use as an ingredient or component in the  
36 manufacturing of a dairy product.

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

39       (A) Products, not including any cannabis-infused product, that as  
40 of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts

1 131, 133, and 135, including by-products from the manufacturing of  
2 the dairy products, such as whey and casein; and

3 (B) Products comprised of not less than 70 percent dairy products  
4 that qualify under (c)(ii)(A) of this subsection, measured by weight  
5 or volume.

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

11 (d)(i) Beginning July 1, 2035, fruits or vegetables by canning,  
12 preserving, freezing, processing, or dehydrating fresh fruits or  
13 vegetables, or selling at wholesale fruits or vegetables manufactured  
14 by the seller by canning, preserving, freezing, processing, or  
15 dehydrating fresh fruits or vegetables and sold to purchasers who  
16 transport in the ordinary course of business the goods out of this  
17 state; as to such persons the amount of tax with respect to such  
18 business is equal to the value of the products manufactured or the  
19 gross proceeds derived from such sales multiplied by the rate of  
20 0.138 percent. Sellers must keep and preserve records for the period  
21 required by RCW 82.32.070 establishing that the goods were  
22 transported by the purchaser in the ordinary course of business out  
23 of this state.

24 (ii) For purposes of this subsection (1)(d), "fruits" and  
25 "vegetables" do not include cannabis, useable cannabis, or cannabis-  
26 infused products; and

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

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

39 (3) Upon every nonprofit corporation and nonprofit association  
40 engaging within this state in research and development, as to such

1 corporations and associations, the amount of tax with respect to such  
2 activities is equal to the gross income derived from such activities  
3 multiplied by the rate of 0.484 percent.

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

9 (5) (a) Upon every person engaging within this state in the  
10 business of acting as a travel agent or tour operator and whose  
11 annual taxable amount for the prior calendar year from such business  
12 was \$250,000 or less; as to such persons the amount of the tax with  
13 respect to such activities is equal to the gross income derived from  
14 such activities multiplied by the rate of 0.275 percent.

15 (b) Upon every person engaging within this state in the business  
16 of acting as a travel agent or tour operator and whose annual taxable  
17 amount for the prior calendar year from such business was more than  
18 \$250,000; as to such persons the amount of the tax with respect to  
19 such activities is equal to the gross income derived from such  
20 activities multiplied by the rate of 0.275 percent through June 30,  
21 2019, and 0.9 percent beginning July 1, 2019.

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

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

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

18 (8) (a) Upon every person engaging within this state in the  
19 business of disposing of low-level waste, as defined in RCW  
20 70A.380.010; as to such persons the amount of the tax with respect to  
21 such business is equal to the gross income of the business, excluding  
22 any fees imposed under chapter 70A.384 RCW, multiplied by the rate of  
23 3.3 percent.

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

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

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

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

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

12 (ii) 0.2904 percent beginning July 1, 2007, through March 31,  
13 2020; and

14 (iii) Beginning April 1, 2020, 0.484 percent, subject to any  
15 reduction required under (e) of this subsection (11). The tax rate in  
16 this subsection (11)(a)(iii) applies to all business activities  
17 described in this subsection (11)(a).

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

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

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

32 (A) The rate under RCW 82.04.250(1) on the business of making  
33 retail sales of tooling specifically designed for use in  
34 manufacturing commercial airplanes or components of such airplanes;  
35 and

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

38 (c) For the purposes of this subsection (11), "commercial  
39 airplane" and "component" have the same meanings as provided in RCW  
40 82.32.550.

1 (d)(i) In addition to all other requirements under this title, a  
2 person reporting under the tax rate provided in this subsection (11)  
3 must file a complete annual tax performance report with the  
4 department under RCW 82.32.534. However, this requirement does not  
5 apply to persons reporting under the tax rate in (a)(iii) of this  
6 subsection (11), so long as that rate remains 0.484 percent, or under  
7 any of the tax rates in (b)(ii)(A) and (B) of this subsection (11),  
8 so long as those tax rates remain the rate imposed pursuant to RCW  
9 82.04.250(1) and 0.484 percent, respectively.

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

18 (e)(i) After March 31, 2021, the tax rates under (a)(iii) and  
19 (b)(ii) of this subsection (11) must be reduced to 0.357 percent  
20 provided the conditions in RCW 82.04.2602 are met. The effective date  
21 of the rates authorized under this subsection (11)(e) must occur on  
22 the first day of the next calendar quarter that is at least 60 days  
23 after the department receives the last of the two written notices  
24 pursuant to RCW 82.04.2602 (3) and (4).

25 (ii) Both a significant commercial airplane manufacturer  
26 separately and the rest of the aerospace industry as a whole,  
27 receiving the rate of 0.357 percent under this subsection (11)(e) are  
28 subject to the aerospace apprenticeship utilization rates required  
29 under RCW 49.04.220 by April 1, 2026, or five years after the  
30 effective date of the 0.357 percent rate authorized under this  
31 subsection (11)(e), whichever is later, as determined by the  
32 department of labor and industries.

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

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

37 (ii) With respect to the manufacturing of commercial airplanes or  
38 making sales, at retail or wholesale, of commercial airplanes, this  
39 subsection (11) does not apply on and after July 1st of the year in  
40 which the department makes a determination that any final assembly or

1 wing assembly of any version or variant of a commercial airplane that  
2 is the basis of a siting of a significant commercial airplane  
3 manufacturing program in the state under RCW 82.32.850 has been sited  
4 outside the state of Washington. This subsection (11)(f)(ii) only  
5 applies to the manufacturing or sale of commercial airplanes that are  
6 the basis of a siting of a significant commercial airplane  
7 manufacturing program in the state under RCW 82.32.850. This  
8 subsection (11)(f)(ii) continues to apply during the time that a  
9 person is subject to the tax rate in (a)(iii) of this subsection  
10 (11).

11 (g) For the purposes of this subsection, "a significant  
12 commercial airplane manufacturer" means a manufacturer of commercial  
13 airplanes with at least 50,000 full-time employees in Washington as  
14 of January 1, 2021.

15 (12)(a) Until July 1, 2045, upon every person engaging within  
16 this state in the business of extracting timber or extracting for  
17 hire timber; as to such persons the amount of tax with respect to the  
18 business is, in the case of extractors, equal to the value of  
19 products, including by-products, extracted, or in the case of  
20 extractors for hire, equal to the gross income of the business,  
21 multiplied by the rate of 0.4235 percent from July 1, 2006, through  
22 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,  
23 2045.

24 (b) Until July 1, 2045, upon every person engaging within this  
25 state in the business of manufacturing or processing for hire: (i)  
26 Timber into timber products or wood products; (ii) timber products  
27 into other timber products or wood products; or (iii) products  
28 defined in RCW 19.27.570(1); as to such persons the amount of the tax  
29 with respect to the business is, in the case of manufacturers, equal  
30 to the value of products, including by-products, manufactured, or in  
31 the case of processors for hire, equal to the gross income of the  
32 business, multiplied by the rate of 0.4235 percent from July 1, 2006,  
33 through June 30, 2007, and 0.2904 percent from July 1, 2007, through  
34 June 30, 2045.

35 (c) Until July 1, 2045, upon every person engaging within this  
36 state in the business of selling at wholesale: (i) Timber extracted  
37 by that person; (ii) timber products manufactured by that person from  
38 timber or other timber products; (iii) wood products manufactured by  
39 that person from timber or timber products; or (iv) products defined  
40 in RCW 19.27.570(1) manufactured by that person; as to such persons



1 the amount of the tax with respect to the business is equal to the  
2 gross proceeds of sales of the timber, timber products, wood  
3 products, or products defined in RCW 19.27.570(1) multiplied by the  
4 rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and  
5 0.2904 percent from July 1, 2007, through June 30, 2045.

6 (d) Until July 1, 2045, upon every person engaging within this  
7 state in the business of selling standing timber; as to such persons  
8 the amount of the tax with respect to the business is equal to the  
9 gross income of the business multiplied by the rate of 0.2904  
10 percent. For purposes of this subsection (12)(d), "selling standing  
11 timber" means the sale of timber apart from the land, where the buyer  
12 is required to sever the timber within 30 months from the date of the  
13 original contract, regardless of the method of payment for the timber  
14 and whether title to the timber transfers before, upon, or after  
15 severance.

16 (e) For purposes of this subsection, the following definitions  
17 apply:

18 (i) "Biocomposite surface products" means surface material  
19 products containing, by weight or volume, more than 50 percent  
20 recycled paper and that also use nonpetroleum-based phenolic resin as  
21 a bonding agent.

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

34 (iii) "Recycled paper" means paper and paper products having 50  
35 percent or more of their fiber content that comes from postconsumer  
36 waste. For purposes of this subsection (12)(e)(iii), "postconsumer  
37 waste" means a finished material that would normally be disposed of  
38 as solid waste, having completed its life cycle as a consumer item.

39 (iv) "Timber" means forest trees, standing or down, on privately  
40 or publicly owned land. "Timber" does not include Christmas trees

1 that are cultivated by agricultural methods or short-rotation  
2 hardwoods as defined in RCW 84.33.035.

3 (v) "Timber products" means:

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

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

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

11 (vi) "Wood products" means paper and paper products; dimensional  
12 lumber; engineered wood products such as particleboard, oriented  
13 strand board, medium density fiberboard, and plywood; wood doors;  
14 wood windows; and biocomposite surface products.

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

19 (g) Nothing in this subsection (12) may be construed to affect  
20 the taxation of any activity defined as a retail sale in RCW  
21 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW  
22 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

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

28 (14)(a) Beginning January 1, 2025, until January 1, 2036, upon  
29 every person engaging within this state in the business of making  
30 sales at retail or wholesale of either nuclear fuel or assemblies  
31 manufactured by a person, or both, the amount of tax on such business  
32 is equal to the gross proceeds of sales of either the fuel or  
33 assemblies, or both, multiplied by the rate of 0.25 percent.

34 (b) Beginning January 1, 2025, until January 1, 2036, upon every  
35 person engaging within this state in the business of manufacturing  
36 either nuclear fuel or assemblies, or both, the amount of tax on such  
37 business is equal to the value of the products manufactured  
38 multiplied by the rate of 0.25 percent.

39 (c) Beginning January 1, 2025, until January 1, 2036, upon every  
40 person engaging within this state as a processor for hire of either

1 nuclear fuel or assemblies, or both, the amount of tax on such  
2 business is equal to the gross income of the business activity  
3 multiplied by the rate of 0.25 percent.

4 **Sec. 3.** RCW 82.04.260 and 2023 c 422 s 5 are each amended to  
5 read as follows:

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

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

14 (b) Beginning July 1, 2035, seafood products that remain in a  
15 raw, raw frozen, or raw salted state at the completion of the  
16 manufacturing by that person; or selling manufactured seafood  
17 products that remain in a raw, raw frozen, or raw salted state at the  
18 completion of the manufacturing, to purchasers who transport in the  
19 ordinary course of business the goods out of this state; as to such  
20 persons the amount of tax with respect to such business is equal to  
21 the value of the products manufactured or the gross proceeds derived  
22 from such sales, multiplied by the rate of 0.138 percent. Sellers  
23 must keep and preserve records for the period required by RCW  
24 82.32.070 establishing that the goods were transported by the  
25 purchaser in the ordinary course of business out of this state;

26 (c) (i) Except as provided otherwise in (c) (iii) of this  
27 subsection, beginning July 1, 2035, until January 1, 2046, dairy  
28 products; or selling dairy products that the person has manufactured  
29 to purchasers who either transport in the ordinary course of business  
30 the goods out of state or purchasers who use such dairy products as  
31 an ingredient or component in the manufacturing of a dairy product;  
32 as to such persons the tax imposed is equal to the value of the  
33 products manufactured or the gross proceeds derived from such sales  
34 multiplied by the rate of 0.138 percent. Sellers must keep and  
35 preserve records for the period required by RCW 82.32.070  
36 establishing that the goods were transported by the purchaser in the  
37 ordinary course of business out of this state or sold to a  
38 manufacturer for use as an ingredient or component in the  
39 manufacturing of a dairy product.

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

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

7 (B) Products comprised of not less than 70 percent dairy products  
8 that qualify under (c)(ii)(A) of this subsection, measured by weight  
9 or volume.

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

15 (d)(i) Beginning July 1, 2035, fruits or vegetables by canning,  
16 preserving, freezing, processing, or dehydrating fresh fruits or  
17 vegetables, or selling at wholesale fruits or vegetables manufactured  
18 by the seller by canning, preserving, freezing, processing, or  
19 dehydrating fresh fruits or vegetables and sold to purchasers who  
20 transport in the ordinary course of business the goods out of this  
21 state; as to such persons the amount of tax with respect to such  
22 business is equal to the value of the products manufactured or the  
23 gross proceeds derived from such sales multiplied by the rate of  
24 0.138 percent. Sellers must keep and preserve records for the period  
25 required by RCW 82.32.070 establishing that the goods were  
26 transported by the purchaser in the ordinary course of business out  
27 of this state.

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

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

39 (2) Upon every person engaging within this state in the business  
40 of splitting or processing dried peas; as to such persons the amount

1 of tax with respect to such business is equal to the value of the  
2 peas split or processed, multiplied by the rate of 0.138 percent.

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

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

13 (5) (a) Upon every person engaging within this state in the  
14 business of acting as a travel agent or tour operator and whose  
15 annual taxable amount for the prior calendar year from such business  
16 was \$250,000 or less; as to such persons the amount of the tax with  
17 respect to such activities is equal to the gross income derived from  
18 such activities multiplied by the rate of 0.275 percent.

19 (b) Upon every person engaging within this state in the business  
20 of acting as a travel agent or tour operator and whose annual taxable  
21 amount for the prior calendar year from such business was more than  
22 \$250,000; as to such persons the amount of the tax with respect to  
23 such activities is equal to the gross income derived from such  
24 activities multiplied by the rate of 0.275 percent through June 30,  
25 2019, and 0.9 percent beginning July 1, 2019.

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

33 (7) Upon every person engaging within this state in the business  
34 of stevedoring and associated activities pertinent to the movement of  
35 goods and commodities in waterborne interstate or foreign commerce;  
36 as to such persons the amount of tax with respect to such business is  
37 equal to the gross proceeds derived from such activities multiplied  
38 by the rate of 0.275 percent. Persons subject to taxation under this  
39 subsection are exempt from payment of taxes imposed by chapter 82.16  
40 RCW for that portion of their business subject to taxation under this

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

22 (8) (a) Upon every person engaging within this state in the  
23 business of disposing of low-level waste, as defined in RCW  
24 70A.380.010; as to such persons the amount of the tax with respect to  
25 such business is equal to the gross income of the business, excluding  
26 any fees imposed under chapter 70A.384 RCW, multiplied by the rate of  
27 3.3 percent.

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

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

38 (10) Upon every person engaging within this state in business as  
39 a hospital, as defined in chapter 70.41 RCW, that is operated as a  
40 nonprofit corporation or by the state or any of its political

1 subdivisions, as to such persons, the amount of tax with respect to  
2 such activities is equal to the gross income of the business  
3 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5  
4 percent thereafter.

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

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

16 (ii) 0.2904 percent beginning July 1, 2007, through March 31,  
17 2020; and

18 (iii) Beginning April 1, 2020, 0.484 percent, subject to any  
19 reduction required under (e) of this subsection (11). The tax rate in  
20 this subsection (11)(a)(iii) applies to all business activities  
21 described in this subsection (11)(a).

22 (b) Beginning July 1, 2008, upon every person who is not eligible  
23 to report under the provisions of (a) of this subsection (11) and is  
24 engaging within this state in the business of manufacturing tooling  
25 specifically designed for use in manufacturing commercial airplanes  
26 or components of such airplanes, or making sales, at retail or  
27 wholesale, of such tooling manufactured by the seller, as to such  
28 persons the amount of tax with respect to such business is, in the  
29 case of manufacturers, equal to the value of the product manufactured  
30 and the gross proceeds of sales of the product manufactured, or in  
31 the case of processors for hire, be equal to the gross income of the  
32 business, multiplied by the rate of:

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

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

36 (A) The rate under RCW 82.04.250(1) on the business of making  
37 retail sales of tooling specifically designed for use in  
38 manufacturing commercial airplanes or components of such airplanes;  
39 and

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

3 (c) For the purposes of this subsection (11), "commercial  
4 airplane" and "component" have the same meanings as provided in RCW  
5 82.32.550.

6 (d)(i) In addition to all other requirements under this title, a  
7 person reporting under the tax rate provided in this subsection (11)  
8 must file a complete annual tax performance report with the  
9 department under RCW 82.32.534. However, this requirement does not  
10 apply to persons reporting under the tax rate in (a)(iii) of this  
11 subsection (11), so long as that rate remains 0.484 percent, or under  
12 any of the tax rates in (b)(ii)(A) and (B) of this subsection (11),  
13 so long as those tax rates remain the rate imposed pursuant to RCW  
14 82.04.250(1) and 0.484 percent, respectively.

15 (ii) Nothing in (d)(i) of this subsection (11) may be construed  
16 as affecting the obligation of a person reporting under a tax rate  
17 provided in this subsection (11) to file a complete annual tax  
18 performance report with the department under RCW 82.32.534: (A)  
19 Pursuant to another provision of this title as a result of claiming a  
20 tax credit or exemption; or (B) pursuant to (d)(i) of this subsection  
21 (11) as a result of claiming the tax rates in (a)(ii) or (b)(i) of  
22 this subsection (11) for periods ending before April 1, 2020.

23 (e)(i) After March 31, 2021, the tax rates under (a)(iii) and  
24 (b)(ii) of this subsection (11) must be reduced to 0.357 percent  
25 provided the conditions in RCW 82.04.2602 are met. The effective date  
26 of the rates authorized under this subsection (11)(e) must occur on  
27 the first day of the next calendar quarter that is at least 60 days  
28 after the department receives the last of the two written notices  
29 pursuant to RCW 82.04.2602 (3) and (4).

30 (ii) Both a significant commercial airplane manufacturer  
31 separately and the rest of the aerospace industry as a whole,  
32 receiving the rate of 0.357 percent under this subsection (11)(e) are  
33 subject to the aerospace apprenticeship utilization rates required  
34 under RCW 49.04.220 by April 1, 2026, or five years after the  
35 effective date of the 0.357 percent rate authorized under this  
36 subsection (11)(e), whichever is later, as determined by the  
37 department of labor and industries.

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



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

3 (ii) With respect to the manufacturing of commercial airplanes or  
4 making sales, at retail or wholesale, of commercial airplanes, this  
5 subsection (11) does not apply on and after July 1st of the year in  
6 which the department makes a determination that any final assembly or  
7 wing assembly of any version or variant of a commercial airplane that  
8 is the basis of a siting of a significant commercial airplane  
9 manufacturing program in the state under RCW 82.32.850 has been sited  
10 outside the state of Washington. This subsection (11)(f)(ii) only  
11 applies to the manufacturing or sale of commercial airplanes that are  
12 the basis of a siting of a significant commercial airplane  
13 manufacturing program in the state under RCW 82.32.850. This  
14 subsection (11)(f)(ii) continues to apply during the time that a  
15 person is subject to the tax rate in (a)(iii) of this subsection  
16 (11).

17 (g) For the purposes of this subsection, "a significant  
18 commercial airplane manufacturer" means a manufacturer of commercial  
19 airplanes with at least 50,000 full-time employees in Washington as  
20 of January 1, 2021.

21 (12)(a) Until July 1, 2045, upon every person engaging within  
22 this state in the business of extracting timber or extracting for  
23 hire timber; as to such persons the amount of tax with respect to the  
24 business is, in the case of extractors, equal to the value of  
25 products, including by-products, extracted, or in the case of  
26 extractors for hire, equal to the gross income of the business,  
27 multiplied by the rate of 0.4235 percent from July 1, 2006, through  
28 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,  
29 2045.

30 (b) Until July 1, 2045, upon every person engaging within this  
31 state in the business of manufacturing or processing for hire: (i)  
32 Timber into timber products or wood products; (ii) timber products  
33 into other timber products or wood products; or (iii) products  
34 defined in RCW 19.27.570(1); as to such persons the amount of the tax  
35 with respect to the business is, in the case of manufacturers, equal  
36 to the value of products, including by-products, manufactured, or in  
37 the case of processors for hire, equal to the gross income of the  
38 business, multiplied by the rate of 0.4235 percent from July 1, 2006,  
39 through June 30, 2007, and 0.2904 percent from July 1, 2007, through  
40 June 30, 2045.

1 (c) Until July 1, 2045, upon every person engaging within this  
2 state in the business of selling at wholesale: (i) Timber extracted  
3 by that person; (ii) timber products manufactured by that person from  
4 timber or other timber products; (iii) wood products manufactured by  
5 that person from timber or timber products; or (iv) products defined  
6 in RCW 19.27.570(1) manufactured by that person; as to such persons  
7 the amount of the tax with respect to the business is equal to the  
8 gross proceeds of sales of the timber, timber products, wood  
9 products, or products defined in RCW 19.27.570(1) multiplied by the  
10 rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and  
11 0.2904 percent from July 1, 2007, through June 30, 2045.

12 (d) Until July 1, 2045, upon every person engaging within this  
13 state in the business of selling standing timber; as to such persons  
14 the amount of the tax with respect to the business is equal to the  
15 gross income of the business multiplied by the rate of 0.2904  
16 percent. For purposes of this subsection (12)(d), "selling standing  
17 timber" means the sale of timber apart from the land, where the buyer  
18 is required to sever the timber within 30 months from the date of the  
19 original contract, regardless of the method of payment for the timber  
20 and whether title to the timber transfers before, upon, or after  
21 severance.

22 (e) For purposes of this subsection, the following definitions  
23 apply:

24 (i) "Biocomposite surface products" means surface material  
25 products containing, by weight or volume, more than 50 percent  
26 recycled paper and that also use nonpetroleum-based phenolic resin as  
27 a bonding agent.

28 (ii) "Paper and paper products" means products made of interwoven  
29 cellulosic fibers held together largely by hydrogen bonding. "Paper  
30 and paper products" includes newsprint; office, printing, fine, and  
31 pressure-sensitive papers; paper napkins, towels, and toilet tissue;  
32 kraft bag, construction, and other kraft industrial papers;  
33 paperboard, liquid packaging containers, containerboard, corrugated,  
34 and solid-fiber containers including linerboard and corrugated  
35 medium; and related types of cellulosic products containing  
36 primarily, by weight or volume, cellulosic materials. "Paper and  
37 paper products" does not include books, newspapers, magazines,  
38 periodicals, and other printed publications, advertising materials,  
39 calendars, and similar types of printed materials.

1 (iii) "Recycled paper" means paper and paper products having 50  
2 percent or more of their fiber content that comes from postconsumer  
3 waste. For purposes of this subsection (12)(e)(iii), "postconsumer  
4 waste" means a finished material that would normally be disposed of  
5 as solid waste, having completed its life cycle as a consumer item.

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

10 (v) "Timber products" means:

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

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

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

18 (vi) "Wood products" means paper and paper products; dimensional  
19 lumber; engineered wood products such as particleboard, oriented  
20 strand board, medium density fiberboard, and plywood; wood doors;  
21 wood windows; and biocomposite surface products.

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

26 (g) Nothing in this subsection (12) may be construed to affect  
27 the taxation of any activity defined as a retail sale in RCW  
28 82.04.050(2)(b) or (c), defined as a wholesale sale in RCW  
29 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

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

35 (14)(a) Upon every person engaging within this state in the  
36 business of printing a newspaper, publishing a newspaper, or both,  
37 the amount of tax on such business is equal to the gross income of  
38 the business multiplied by the rate of 0.35 percent until July 1,  
39 2024, and 0.484 percent thereafter.

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

4 (15)(a) Beginning January 1, 2025, until January 1, 2036, upon  
5 every person engaging within this state in the business of making  
6 sales at retail or wholesale of either nuclear fuel or assemblies  
7 manufactured by a person, or both, the amount of tax on such business  
8 is equal to the gross proceeds of sales of either the fuel or  
9 assemblies, or both, multiplied by the rate of 0.25 percent.

10 (b) Beginning January 1, 2025, until January 1, 2036, upon every  
11 person engaging within this state in the business of manufacturing  
12 either nuclear fuel or assemblies, or both, the amount of tax on such  
13 business is equal to the value of the products manufactured  
14 multiplied by the rate of 0.25 percent.

15 (c) Beginning January 1, 2025, until January 1, 2036, upon every  
16 person engaging within this state as a processor for hire of either  
17 nuclear fuel or assemblies, or both, the amount of tax on such  
18 business is equal to the gross income of the business activity  
19 multiplied by the rate of 0.25 percent.

20 NEW SECTION. Sec. 4. RCW 82.32.808 does not apply to this act.

21 NEW SECTION. Sec. 5. Section 2 of this act expires January 1,  
22 2034.

23 NEW SECTION. Sec. 6. Section 3 of this act takes effect January  
24 1, 2034.

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