
ENGROSSED SECOND SUBSTITUTE SENATE BILL 5199

State of Washington

68th Legislature

2023 Regular Session

By Senate Ways & Means (originally sponsored by Senators Mullet, Conway, Dozier, Holy, Keiser, Lovelett, Nguyen, Shewmake, and Valdez; by request of Attorney General)

READ FIRST TIME 02/21/23.

1 AN ACT Relating to tax relief for newspaper publishers; amending
2 RCW 82.04.260, 35.102.150, 82.04.460, and 82.08.806; adding a new
3 section to chapter 82.04 RCW; creating new sections; providing an
4 effective date; and providing an expiration date.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that Washington
7 state's local newspapers and online digital news publishers are
8 important providers of journalism in their communities. Across the
9 state and the country, local newspapers are vanishing at an alarming
10 rate.

11 Since the advent of the internet, Washington state newspapers,
12 large and small, have experienced severe financial losses that caused
13 layoffs and reduced journalistic capacity. Between 2005 and 2020,
14 Washington state newspapers lost 67 percent of their newsroom
15 employees. Many print media organizations operate at a deficit due to
16 disruption of traditional revenue streams and even the surviving
17 legacy news organizations are cutting staff and circulation.
18 Washington state has lost more than two dozen weeklies and three
19 dailies since 2004. The decline of these journalistic institutions
20 represents a threat to democracy, government accountability, and
21 civic engagement.

1 A Portland State University study found that the loss of local
2 journalism is correlated to a decline in civic engagement, both
3 nationally and in Washington state, which includes contacting a
4 public office to express an opinion, participating in school groups,
5 community associations, or civic organizations, and serving on a
6 committee of any group or organization.

7 The legislature finds that local journalism can help keep watch
8 over health trends in the community by identifying and preventing
9 disease. The legislature finds that rural and underserved communities
10 are the hardest hit in the area of public health when newspapers
11 decline.

12 The legislature finds that local journalism helps combat
13 government corruption and holds powerful institutions accountable.

14 Newspapers in Washington state have lobbied and editorialized for
15 open public records, and fought attempts to rein in frivolous
16 requests, costing local and state governments millions of dollars
17 each year.

18 Without legislative action, the current business and occupation
19 tax preference for newspaper publishers will expire on July 1, 2024.

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

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

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

25 (b) Publishing eligible digital content by a person who reported
26 under the printing and publishing tax classification for the
27 reporting period that covers January 1, 2008, for engaging in
28 printing and/or publishing a newspaper, as defined on January 1,
29 2008.

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

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

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

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

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

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

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

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

18 (a) "Affiliated" has the same meaning as provided in RCW
19 82.04.299.

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

25 **Sec. 3.** RCW 82.04.260 and 2022 c 16 s 140 are each amended to
26 read as follows:

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

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

35 (b) Beginning July 1, 2025, seafood products that remain in a
36 raw, raw frozen, or raw salted state at the completion of the
37 manufacturing by that person; or selling manufactured seafood
38 products that remain in a raw, raw frozen, or raw salted state at the
39 completion of the manufacturing, to purchasers who transport in the

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

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

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

24 (A) Products, not including any cannabis-infused product, that as
25 of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts
26 131, 133, and 135, including by-products from the manufacturing of
27 the dairy products, such as whey and casein; and

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

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

36 (d)(i) Beginning July 1, 2025, fruits or vegetables by canning,
37 preserving, freezing, processing, or dehydrating fresh fruits or
38 vegetables, or selling at wholesale fruits or vegetables manufactured
39 by the seller by canning, preserving, freezing, processing, or
40 dehydrating fresh fruits or vegetables and sold to purchasers who

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

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

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

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

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

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

34 (5)(a) Upon every person engaging within this state in the
35 business of acting as a travel agent or tour operator and whose
36 annual taxable amount for the prior calendar year from such business
37 was two hundred fifty thousand dollars or less; as to such persons
38 the amount of the tax with respect to such activities is equal to the
39 gross income derived from such activities multiplied by the rate of
40 0.275 percent.

1 (b) Upon every person engaging within this state in the business
2 of acting as a travel agent or tour operator and whose annual taxable
3 amount for the prior calendar year from such business was more than
4 two hundred fifty thousand dollars; as to such persons the amount of
5 the tax with respect to such activities is equal to the gross income
6 derived from such activities multiplied by the rate of 0.275 percent
7 through June 30, 2019, and 0.9 percent beginning July 1, 2019.

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

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

1 to plugging and unplugging refrigerator service to containers,
2 trailers, and other refrigerated cargo receptacles, and securing ship
3 hatch covers.

4 (8) (a) Upon every person engaging within this state in the
5 business of disposing of low-level waste, as defined in RCW
6 70A.380.010; as to such persons the amount of the tax with respect to
7 such business is equal to the gross income of the business, excluding
8 any fees imposed under chapter 70A.384 RCW, multiplied by the rate of
9 3.3 percent.

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

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

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

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

- 37 (i) 0.4235 percent from October 1, 2005, through June 30, 2007;
38 (ii) 0.2904 percent beginning July 1, 2007, through March 31,
39 2020; and

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

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

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

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

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

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

25 (c) For the purposes of this subsection (11), "commercial
26 airplane" and "component" have the same meanings as provided in RCW
27 82.32.550.

28 (d)(i) In addition to all other requirements under this title, a
29 person reporting under the tax rate provided in this subsection (11)
30 must file a complete annual tax performance report with the
31 department under RCW 82.32.534. However, this requirement does not
32 apply to persons reporting under the tax rate in (a)(iii) of this
33 subsection (11), so long as that rate remains 0.484 percent, or under
34 any of the tax rates in (b)(ii)(A) and (B) of this subsection (11),
35 so long as those tax rates remain the rate imposed pursuant to RCW
36 82.04.250(1) and 0.484 percent, respectively.

37 (ii) Nothing in (d)(i) of this subsection (11) may be construed
38 as affecting the obligation of a person reporting under a tax rate
39 provided in this subsection (11) to file a complete annual tax
40 performance report with the department under RCW 82.32.534: (A)

1 Pursuant to another provision of this title as a result of claiming a
2 tax credit or exemption; or (B) pursuant to (d)(i) of this subsection
3 (11) as a result of claiming the tax rates in (a)(ii) or (b)(i) of
4 this subsection (11) for periods ending before April 1, 2020.

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

12 (ii) Both a significant commercial airplane manufacturer
13 separately and the rest of the aerospace industry as a whole,
14 receiving the rate of 0.357 percent under this subsection (11)(e) are
15 subject to the aerospace apprenticeship utilization rates required
16 under RCW 49.04.220 by April 1, 2026, or five years after the
17 effective date of the 0.357 percent rate authorized under this
18 subsection (11)(e), whichever is later, as determined by the
19 department of labor and industries.

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

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

24 (ii) With respect to the manufacturing of commercial airplanes or
25 making sales, at retail or wholesale, of commercial airplanes, this
26 subsection (11) does not apply on and after July 1st of the year in
27 which the department makes a determination that any final assembly or
28 wing assembly of any version or variant of a commercial airplane that
29 is the basis of a siting of a significant commercial airplane
30 manufacturing program in the state under RCW 82.32.850 has been sited
31 outside the state of Washington. This subsection (11)(f)(ii) only
32 applies to the manufacturing or sale of commercial airplanes that are
33 the basis of a siting of a significant commercial airplane
34 manufacturing program in the state under RCW 82.32.850. This
35 subsection (11)(f)(ii) continues to apply during the time that a
36 person is subject to the tax rate in (a)(iii) of this subsection
37 (11).

38 (g) For the purposes of this subsection, "a significant
39 commercial airplane manufacturer" means a manufacturer of commercial

1 airplanes with at least fifty thousand full-time employees in
2 Washington as of January 1, 2021.

3 (12)(a) Until July 1, 2045, upon every person engaging within
4 this state in the business of extracting timber or extracting for
5 hire timber; as to such persons the amount of tax with respect to the
6 business is, in the case of extractors, equal to the value of
7 products, including by-products, extracted, or in the case of
8 extractors for hire, equal to the gross income of the business,
9 multiplied by the rate of 0.4235 percent from July 1, 2006, through
10 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
11 2045.

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

23 (c) Until July 1, 2045, upon every person engaging within this
24 state in the business of selling at wholesale: (i) Timber extracted
25 by that person; (ii) timber products manufactured by that person from
26 timber or other timber products; (iii) wood products manufactured by
27 that person from timber or timber products; or (iv) products defined
28 in RCW 19.27.570(1) manufactured by that person; as to such persons
29 the amount of the tax with respect to the business is equal to the
30 gross proceeds of sales of the timber, timber products, wood
31 products, or products defined in RCW 19.27.570(1) multiplied by the
32 rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and
33 0.2904 percent from July 1, 2007, through June 30, 2045.

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

1 the original contract, regardless of the method of payment for the
2 timber and whether title to the timber transfers before, upon, or
3 after severance.

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

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

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

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

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

32 (v) "Timber products" means:

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

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

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

1 (vi) "Wood products" means paper and paper products; dimensional
2 lumber; engineered wood products such as particleboard, oriented
3 strand board, medium density fiberboard, and plywood; wood doors;
4 wood windows; and biocomposite surface products.

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

9 (g) Nothing in this subsection (12) may be construed to affect
10 the taxation of any activity defined as a retail sale in RCW
11 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW
12 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

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

18 ~~((14) (a) Upon every person engaging within this state in the
19 business of printing a newspaper, publishing a newspaper, or both,
20 the amount of tax on such business is equal to the gross income of
21 the business multiplied by the rate of 0.35 percent until July 1,
22 2024, and 0.484 percent thereafter.~~

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

26 **Sec. 4.** RCW 35.102.150 and 2011 c 174 s 201 are each amended to
27 read as follows:

28 Notwithstanding RCW 35.102.130, a city that imposes a business
29 and occupation tax must allocate a person's gross income from the
30 activities of printing, and of publishing newspapers, periodicals, or
31 magazines, to the principal place in this state from which the
32 taxpayer's business is directed or managed. As used in this section,
33 the activities of printing, and of publishing newspapers,
34 periodicals, or magazines are those activities to which the exemption
35 in section 2 of this act and the tax rate((s)) in RCW ((82.04.260(13)
36 and)) 82.04.280(1)(a) apply.

37 **Sec. 5.** RCW 82.04.460 and 2014 c 97 s 304 are each amended to
38 read as follows:

1 (1) Except as otherwise provided in this section, any person
2 earning apportionable income taxable under this chapter and also
3 taxable in another state must, for the purpose of computing tax
4 liability under this chapter, apportion to this state, in accordance
5 with RCW 82.04.462, that portion of the person's apportionable income
6 derived from business activities performed within this state.

7 (2) The department must by rule provide a method of apportioning
8 the apportionable income of financial institutions, where such
9 apportionable income is taxable under RCW 82.04.290. The rule adopted
10 by the department must, to the extent feasible, be consistent with
11 the multistate tax commission's recommended formula for the
12 apportionment and allocation of net income of financial institutions
13 as existing on June 1, 2010, or such subsequent date as may be
14 provided by the department by rule, consistent with the purposes of
15 this section, except that:

16 (a) The department's rule must provide for a single factor
17 apportionment method based on the receipts factor; and

18 (b) The definition of "financial institution" contained in
19 appendix A to the multistate tax commission's recommended formula for
20 the apportionment and allocation of net income of financial
21 institutions is advisory only.

22 (3) The department may by rule provide a method or methods of
23 apportioning or allocating gross income derived from sales of
24 telecommunications service and competitive telephone service taxed
25 under this chapter, if the gross proceeds of sales subject to tax
26 under this chapter do not fairly represent the extent of the
27 taxpayer's income attributable to this state. The rule must provide
28 for an equitable and constitutionally permissible division of the tax
29 base.

30 (4) For purposes of this section, the following definitions apply
31 unless the context clearly requires otherwise:

32 (a) "Apportionable income" means gross income of the business
33 generated from engaging in apportionable activities, including income
34 received from apportionable activities performed outside this state
35 if the income would be taxable under this chapter if received from
36 activities in this state, less the exemptions and deductions
37 allowable under this chapter. For purposes of this subsection,
38 "apportionable activities" means only those activities taxed under:

39 (i) RCW 82.04.255;

40 (ii) RCW 82.04.260 (3), (5), (6), (7), (8), (9), (10), and (13);

- 1 (iii) RCW 82.04.280(1)(e);
2 (iv) RCW 82.04.285;
3 (v) RCW 82.04.286;
4 (vi) RCW 82.04.290;
5 (vii) RCW 82.04.2907;
6 (viii) RCW 82.04.2908;
7 (ix) RCW 82.04.263, but only to the extent of any activity that
8 would be taxable under any of the provisions enumerated under (a)(i)
9 through (viii) of this subsection (4) if the tax classification in
10 RCW 82.04.263 did not exist; and
11 (x) RCW (~~82.04.260(14)~~ and) 82.04.280(1)(a) or exempted under
12 section 2 of this act, but only with respect to advertising.
13 (b)(i) "Taxable in another state" means that the taxpayer is
14 subject to a business activities tax by another state on its income
15 received from engaging in apportionable activities; or the taxpayer
16 is not subject to a business activities tax by another state on its
17 income received from engaging in apportionable activities, but any
18 other state has jurisdiction to subject the taxpayer to a business
19 activities tax on such income under the substantial nexus standards
20 in RCW 82.04.067(1).
21 (ii) For purposes of this subsection (4)(b), "business activities
22 tax" and "state" have the same meaning as in RCW 82.04.462.

23 **Sec. 6.** RCW 82.08.806 and 2020 c 139 s 16 are each amended to
24 read as follows:

25 (1) The tax levied by RCW 82.08.020 does not apply to sales, to a
26 printer or publisher, of computer equipment, including repair parts
27 and replacement parts for such equipment, when the computer equipment
28 is used primarily in the printing or publishing of any printed
29 material, or to sales of or charges made for labor and services
30 rendered in respect to installing, repairing, cleaning, altering, or
31 improving the computer equipment. This exemption applies only to
32 computer equipment not otherwise exempt under RCW 82.08.02565.

33 (2) A person taking the exemption under this section must keep
34 records necessary for the department to verify eligibility under this
35 section. This exemption is available only when the purchaser provides
36 the seller with an exemption certificate in a form and manner
37 prescribed by the department. The seller must retain a copy of the
38 certificate for the seller's files.

1 (3) The definitions in this subsection (3) apply throughout this
2 section, unless the context clearly requires otherwise.

3 (a) "Computer" has the same meaning as in RCW 82.04.215.

4 (b) "Computer equipment" means a computer and the associated
5 physical components that constitute a computer system, including
6 monitors, keyboards, printers, modems, scanners, pointing devices,
7 and other computer peripheral equipment, cables, servers, and
8 routers. "Computer equipment" also includes digital cameras and
9 computer software.

10 (c) "Computer software" has the same meaning as in RCW 82.04.215.

11 (d) "Primarily" means greater than fifty percent as measured by
12 time.

13 (e) "Printer or publisher" means a person, as defined in RCW
14 82.04.030, who is subject to tax under RCW (~~(82.04.260(14) or~~)
15 82.04.280(1)(a) or is eligible for the exemption under section 2 of
16 this act.

17 (4) "Computer equipment" does not include computer equipment that
18 is used primarily for administrative purposes including but not
19 limited to payroll processing, accounting, customer service,
20 telemarketing, and collection. If computer equipment is used
21 simultaneously for administrative and nonadministrative purposes, the
22 administrative use must be disregarded during the period of
23 simultaneous use for purposes of determining whether the computer
24 equipment is used primarily for administrative purposes.

25 NEW SECTION. **Sec. 7.** (1) This section is the tax preference
26 performance statement for the tax preference contained in section 2,
27 chapter . . ., Laws of 2023 (section 2 of this act). This performance
28 statement is only intended to be used for subsequent evaluation of
29 the tax preference. It is not intended to create a private right of
30 action by any party or to be used to determine eligibility for
31 preferential tax treatment.

32 (2) The legislature categorizes this tax preference as one
33 intended to provide tax relief for certain businesses or individuals
34 and to create or retain jobs, as indicated in RCW 82.32.808(2) (c)
35 and (e).

36 (3) It is the legislature's specific public policy objective to
37 protect and support local journalism.

38 (4) If a review finds that the tax preference accomplishes its
39 goal of supporting local journalism across the state, measured by

1 retaining 75 percent of the journalism jobs, local newspapers, and
2 community-focused online news outlets based in Washington as of
3 December 31, 2022, or if a review finds that the tax preference
4 enables locally based journalism outlets to continue to exist when
5 compared to states that did not provide similar tax incentives, then
6 the legislature intends to extend the expiration date of this tax
7 preference.

8 (5) In order to obtain the data necessary to perform the review
9 in subsection (4) of this section, the joint legislative audit and
10 review committee may refer to any data collected by the state.

11 (6) RCW 82.32.808(6) does not apply to the tax preference created
12 in section 2 of this act.

13 NEW SECTION. **Sec. 8.** This act takes effect January 1, 2024.

14 NEW SECTION. **Sec. 9.** This act expires January 1, 2034.

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