
SENATE BILL 5482

State of Washington**68th Legislature****2023 Regular Session**

By Senators Frame, Wagoner, Wellman, Nguyen, Dhingra, Fortunato, Hunt, Keiser, Kuderer, Lovelett, MacEwen, Saldaña, and Stanford

Read first time 01/19/23. Referred to Committee on Business, Financial Services, Gaming & Trade.

1 AN ACT Relating to the margin tax; amending RCW 34.05.328,
2 82.04.020, 82.04.066, 82.04.067, 82.04.080, 82.04.2403, 82.04.310,
3 82.04.311, 82.04.320, 82.04.322, 82.04.323, 82.04.340, 82.04.350,
4 82.04.360, 82.04.380, 82.04.390, 82.04.405, 82.04.408, 82.04.4282,
5 82.04.4283, 82.04.4284, 82.04.4285, 82.04.4286, 82.04.4293,
6 82.04.4339, 82.04.440, 82.04.4497, 82.04.4499, 82.04.615, 82.04.767,
7 82.04.261, 82.04.285, 82.04.286, 82.04.29004, 82.04.290, 82.04.510,
8 82.32.045, 82.32.057, 82.32.090, 9.41.100, 9.46.071, 9.91.180,
9 28C.18.200, 35.87A.010, 35.102.160, 43.06.400, 43.365.020, 48.14.080,
10 48.62.151, 48.64.110, 48.180.055, 48.190.100, 49.04.220, 81.112.330,
11 82.02.250, 82.04.010, 82.04.051, 82.04.062, 82.04.2404, 82.04.280,
12 82.04.294, 82.04.297, 82.04.324, 82.04.385, 82.04.4265, 82.04.540,
13 82.04.293, 82.04.4328, 82.04.431, 82.08.0209, 82.08.02807,
14 82.08.0531, 82.08.052, 82.08.0291, 82.08.0311, 82.08.207, 82.08.806,
15 82.08.820, 82.08.830, 82.08.965, 82.08.9651, 82.08.970, 82.08.990,
16 82.12.02749, 82.12.0311, 82.12.970, 82.14B.061, 82.16.0496,
17 82.16.100, 82.16.325, 82.19.050, 82.29A.137, 82.32.030, 82.32.450,
18 82.32.534, 82.32.537, 82.32.670, 82.32.710, 82.32.790, 82.45.195,
19 84.36.645, 84.36.655, 88.46.010, and 90.56.010; reenacting and
20 amending RCW 82.04.299, 43.79.195, 82.04.050, 82.04.170, 82.04.190,
21 and 88.40.011; adding new sections to chapter 82.04 RCW; adding a new
22 section to chapter 82.08 RCW; creating new sections; repealing RCW
23 43.365.050, 82.04.212, 82.04.220, 82.04.230, 82.04.240, 82.04.250,

1 82.04.255, 82.04.257, 82.04.258, 82.04.260, 82.04.2602, 82.04.263,
2 82.04.270, 82.04.272, 82.04.29001, 82.04.29002, 82.04.29005,
3 82.04.2905, 82.04.2906, 82.04.2907, 82.04.2908, 82.04.2909,
4 82.04.298, 82.04.301, 82.04.315, 82.04.317, 82.04.321, 82.04.326,
5 82.04.327, 82.04.330, 82.04.331, 82.04.332, 82.04.333, 82.04.334,
6 82.04.335, 82.04.337, 82.04.338, 82.04.339, 82.04.3395, 82.04.355,
7 82.04.363, 82.04.367, 82.04.368, 82.04.370, 82.04.392, 82.04.399,
8 82.04.410, 82.04.415, 82.04.418, 82.04.4201, 82.04.421, 82.04.422,
9 82.04.423, 82.04.425, 82.04.4251, 82.04.426, 82.04.4261, 82.04.4262,
10 82.04.4263, 82.04.4264, 82.04.4266, 82.04.4267, 82.04.4268,
11 82.04.4269, 82.04.427, 82.04.4271, 82.04.4272, 82.04.4274,
12 82.04.4275, 82.04.4281, 82.04.4287, 82.04.4289, 82.04.4290,
13 82.04.4291, 82.04.4292, 82.04.4294, 82.04.4295, 82.04.4296,
14 82.04.4297, 82.04.4298, 82.04.4311, 82.04.432, 82.04.4327, 82.04.433,
15 82.04.4331, 82.04.4332, 82.04.4337, 82.04.43391, 82.04.43392,
16 82.04.43393, 82.04.43395, 82.04.43396, 82.04.434, 82.04.4451,
17 82.04.44525, 82.04.4461, 82.04.4463, 82.04.447, 82.04.448,
18 82.04.4481, 82.04.4482, 82.04.4486, 82.04.4489, 82.04.449,
19 82.04.4496, 82.04.4498, 82.04.460, 82.04.462, 82.04.520, 82.04.545,
20 82.04.600, 82.04.601, 82.04.610, 82.04.620, 82.04.627, 82.04.628,
21 82.04.635, 82.04.640, 82.04.645, 82.04.650, 82.04.660, 82.04.750,
22 82.04.755, 82.04.756, 82.04.758, 82.04.765, 82.04.770, 82.04.775,
23 82.04.900, and 82.32.533; providing an effective date; providing a
24 contingent effective date; providing an expiration date; and
25 providing contingent expiration dates.

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

27 **PART I**

28 **INTENT**

29 NEW SECTION. **Sec. 101.** (1) The legislature finds that the
30 state's business and occupation tax, as a gross receipts tax, imposes
31 significant hardships on new businesses, small businesses, and
32 unprofitable and low profit-margin businesses. The legislature
33 further finds that the piecemeal enactment of countless tax
34 preferences to ameliorate these hardships has led to an exceedingly
35 complex tax. The legislature intends to address these issues and
36 improve Washington's economy by converting the business and
37 occupation tax into a modified gross receipts tax to be known as the

1 margin tax. Like the business and occupation tax, the margin tax is
2 imposed upon virtually all business activities carried on within the
3 state, other than those specifically exempt under the constitutions
4 or laws of this state or of the United States.

5 (2) The legislature recognizes that this proposal, if passed,
6 would reduce the amount distributed to tribes who have entered into
7 compacts under chapter 132, Laws of 2020, as they are currently
8 receiving 100 percent of business and occupation tax from retail
9 sales taxable transactions sourced to a compacting tribe's compact
10 covered area. With the passage of this act, it is not the intent of
11 the legislature to reduce compacting tribes' benefits under tax
12 revenue-sharing compacts. It is the intent of the legislature for the
13 department of revenue to fulfill its compact obligations to discuss
14 any changes in the compact or authorizing acts that may be
15 appropriate to preserve the intended benefits of each compact.

16 (3) The legislature also recognizes that the federal permanent
17 internet tax freedom act generally prohibits state and local
18 governments from imposing a tax on internet access but expressly
19 excludes certain taxes from this prohibition, including Washington's
20 business and occupation tax. The legislature does not intend by this
21 act to exempt internet access from any tax imposed in this act.
22 Therefore, the legislature intends for the taxes imposed in this act
23 to be considered a modification of the business and occupation tax.

24 **PART II**
25 **MARGIN TAX**

26 NEW SECTION. **Sec. 201.** A new section is added to chapter 82.04
27 RCW to be codified between RCW 82.04.010 and 82.04.020 to read as
28 follows:

29 DEFINITIONS. The definitions in this section apply throughout
30 this chapter unless the context clearly requires otherwise.

31 (1)(a) "Affiliate" and a person that is "affiliated" mean a
32 person that, directly or indirectly, through one or more
33 intermediaries, controls, is controlled by, or is under common
34 control with another person.

35 (b) For purposes of this subsection (1), "control" means the
36 possession, directly or indirectly, of more than 50 percent of the
37 power to direct or cause the direction of the management and policies

1 of a person, whether through the ownership of voting shares, by
2 contract, or otherwise.

3 (2) "Affiliated group" means a group of two or more persons that
4 are affiliated with each other.

5 (3) (a) "Combined group" means a group of persons that are part of
6 an affiliated group engaged in a unitary business, not including
7 affiliates excluded from a combined group as authorized under section
8 209(6) of this act.

9 (b) For purposes of this subsection (3), "unitary business" means
10 a business enterprise in which there exists directly or indirectly
11 between the members or parts of the enterprise a sharing or exchange
12 of value as demonstrated by:

- 13 (i) Centralized management or a common executive force;
- 14 (ii) Centralized administrative services or functions resulting
15 in economies of scale;
- 16 (iii) Flow of goods, capital resources, or services demonstrating
17 functional integration; and
- 18 (iv) Any other factors the department considers relevant.

19 (4) "Compensation" means medicare wages properly reportable on
20 box 5 of internal revenue service form W-2 based on federal law as it
21 existed on the effective date of this section or a subsequent date as
22 may be provided by the department by rule, and paid by a taxpayer to
23 an individual for services rendered as an employee of the taxpayer.

24 (5) "Cost inputs" means a taxpayer's cost of producing or
25 acquiring goods sold by the taxpayer, or producing goods for
26 commercial or industrial use, during the tax year as determined in
27 section 204 of this act.

28 (6) "Employee" means any individual who, under the usual common
29 law rules applicable in determining the employer-employee
30 relationship, has the status of an employee. "Employee" also includes
31 those persons that are defined as an employee in section 3121(d) of
32 the internal revenue code.

33 (7) (a) "Goods" means tangible personal property or real property
34 improvements, including agricultural products grown, raised, or
35 produced by the seller; digital products; digital codes; and
36 prewritten computer software.

37 (b) For purposes of determining cost inputs under this subsection
38 (7), "produced" means to construct, build, install, manufacture,
39 develop, improve, create, raise, or grow the property.

1 (8) "Internal revenue code" means the internal revenue code of
2 1986, as it existed on the effective date of this section or a
3 subsequent date as may be provided by the department by rule.

4 (9) "Product" has the same meaning as in RCW 82.32.023.

5 (10) "Taxable margin" is the measure of the margin tax imposed
6 under section 202 of this act: (a) After all applicable deductions
7 have been subtracted from the gross income of the business or the
8 value of products manufactured or extracted in this state; and (b)
9 after apportionment or allocation to this state as provided in
10 sections 207 and 208 of this act.

11 (11) "Taxpayer" means a person or combined group subject to tax
12 under this chapter.

13 (12) "Worldwide gross income of the business" means income
14 originating from any location globally, less any income that is
15 excluded as a result of an election under section 209(6) of this act
16 for foreign affiliates not engaging in business in Washington.

17 NEW SECTION. **Sec. 202.** A new section is added to chapter 82.04
18 RCW to be codified between RCW 82.04.217 and 82.04.2403 to read as
19 follows:

20 TAX IMPOSED—RATES—COMPUTATION OF TAX. (1) For the act or
21 privilege of engaging within this state in business, a tax is imposed
22 on each taxpayer that has a substantial nexus with Washington under
23 RCW 82.04.067, including taxpayers subject to tax under subsection
24 (2) of this section.

25 (2)(a) For the act or privilege of engaging within this state in
26 business, a tax is imposed on each taxpayer engaging within this
27 state in business as a manufacturer.

28 (b) For the act or privilege of engaging within this state in
29 business, a tax is imposed on each taxpayer engaging within this
30 state in business as an extractor.

31 (c) Taxpayers engaging in business both as a manufacturer and
32 extractor are subject to the taxes imposed under this subsection (2)
33 on both business activities.

34 (d) The taxes imposed in this subsection (2) are in addition to
35 the tax imposed in subsection (1) of this section.

36 (3) Credits are provided in section 302 of this act to ensure
37 that a taxpayer's taxable margin is taxed only once with respect to a
38 product that is both produced and sold by the taxpayer.

1 (4) The taxes imposed under this section are computed by
2 multiplying a taxpayer's taxable margin by 3.1966 percent.

3 (5) The tax imposed in this section may be referred to as the
4 margin tax or Washington margin tax.

5 NEW SECTION. **Sec. 203.** A new section is added to chapter 82.04
6 RCW to read as follows:

7 DETERMINATION OF TAXABLE MARGIN. (1) For purposes of the tax
8 imposed under section 202(1) of this act, a taxpayer must calculate
9 its taxable margin by selecting one of the following options to
10 deduct from its worldwide gross income of the business:

11 (a) Worldwide gross income of the business earned during the tax
12 year multiplied by 30 percent;

13 (b) The standard deduction, which is \$1,000,000 for the tax year
14 beginning January 1, 2027, and is adjusted for subsequent tax years
15 as provided by section 206 of this act;

16 (c) Cost inputs, as determined under section 204 of this act; or

17 (d) Compensation, as determined under section 205 of this act.

18 (2) For purposes of the taxes imposed under section 202(2) of
19 this act, a taxpayer must calculate its taxable margin by selecting
20 one of the following options to deduct from its value of products,
21 including byproducts, manufactured or extracted in Washington for
22 sale or for commercial or industrial use:

23 (a) Value of products manufactured or extracted in Washington
24 during the tax year multiplied by 30 percent;

25 (b) The standard deduction, which is \$1,000,000 for the tax year
26 beginning January 1, 2027, and is adjusted for subsequent tax years
27 as provided by section 206 of this act; or

28 (c) Cost inputs for the products manufactured or extracted in
29 Washington during the tax year, as determined under section 204 of
30 this act.

31 (3) Taxpayers must apportion or allocate their taxable margin to
32 this state as provided by sections 207 and 208 of this act.

33 (4) The taxable margin of a taxpayer cannot be less than zero.

34 (5) Payments made between members of a combined group taxpayer
35 may be deducted under subsection (1) or (2) of this section, provided
36 those amounts were included in the taxpayer's gross income of the
37 business or value of products.

38 (6) A taxpayer may elect to claim any one of the deductions under
39 subsection (1) or (2) of this section for a tax year. However, once a

1 taxpayer has made its election by filing a tax return or otherwise
2 notifying the department in writing of its election, it cannot later
3 change its election for the tax year. The taxpayer may change its
4 deduction election for subsequent tax years.

5 (7) Amounts deducted from either gross income of the business or
6 the value of products under any other section of this chapter cannot
7 also be deducted from gross income of the business or value of
8 products as compensation or cost input under this chapter, except as
9 provided in RCW 82.04.767.

10 (8) In calculating a taxpayer's taxable margin during an audit
11 for a tax year for which the taxpayer failed to file a tax return,
12 the department must use the deduction under this section that appears
13 to the department to be the most advantageous to the taxpayer.

14 NEW SECTION. **Sec. 204.** A new section is added to chapter 82.04
15 RCW to read as follows:

16 DETERMINATION OF COST OF INPUTS. (1) A taxpayer that elects to
17 deduct its cost inputs for the purpose of computing its taxable
18 margin under section 203 of this act must determine the amount of the
19 cost inputs as provided by this section.

20 (2)(a) The cost inputs deductible under section 203 of this act
21 are the cost of goods sold properly reportable for federal income tax
22 purposes. The department need not accept the cost of goods sold
23 reported on the taxpayer's federal income tax return if the
24 department determines that such amount is in error.

25 (b) For taxpayers that would be able to report cost of goods sold
26 for federal income tax purposes if they were subject to federal
27 income tax, the cost inputs deductible under section 203 of this act
28 are the cost of goods sold that would be properly reportable for
29 federal income tax purposes if the taxpayer were subject to federal
30 income tax.

31 (c) For purposes of the tax imposed under section 202(2) of this
32 act, cost inputs are limited to the costs of goods sold for products
33 manufactured or extracted in Washington, whether for sale or for
34 commercial or industrial use.

35 (3) A combined group that elects to subtract cost of goods sold
36 must determine that amount by:

37 (a) Determining the cost of goods sold for each of its members as
38 provided by this section as if each member were an individual taxable
39 entity; and

1 (b) Adding the amounts determined under (a) of this subsection
2 (3).

3 NEW SECTION. **Sec. 205.** A new section is added to chapter 82.04
4 RCW to read as follows:

5 DETERMINATION OF COMPENSATION. (1) A taxpayer that elects to
6 deduct compensation to determine taxable margin under section 203 of
7 this act may deduct an amount equal to:

8 (a) The total amount of compensation paid to the taxpayer's
9 employees during the tax year, less any amount of compensation in
10 excess of the compensation cap in (b) of this subsection (1).

11 (b) For purposes of this subsection (1), the compensation cap
12 applies on a per-employee basis and is \$400,000 per employee for the
13 tax year beginning January 1, 2027. The compensation cap is adjusted
14 for subsequent tax years as provided by section 206 of this act.

15 (2) If an employee receives compensation from more than one
16 member of a combined group, the combined group may not deduct in
17 relation to that employee a total of more than the compensation cap.

18 (3) A combined group that elects to deduct compensation must
19 determine the amount of the deduction by:

20 (a) Determining the compensation for each of its members as
21 provided by this section as if each member were an individual taxable
22 entity, subject to the limitations prescribed by subsections (1) and
23 (2) of this section; and

24 (b) Adding the amounts determined under (a) of this subsection
25 (3).

26 NEW SECTION. **Sec. 206.** A new section is added to chapter 82.04
27 RCW to read as follows:

28 INFLATION ADJUSTMENTS. (1) Effective for tax years beginning
29 January 1, 2029, and every two years thereafter, the department must
30 adjust the standard deduction and compensation deduction cap as
31 prescribed by sections 203 and 205 of this act respectively. The
32 adjustment is calculated by multiplying the previous standard
33 deduction and compensation deduction cap by the sum of one plus the
34 percentage increase in the consumer price index during the preceding
35 state fiscal biennium, rounded to the nearest \$10,000. If the
36 consumer price index decreased during the preceding state fiscal
37 biennium, the department shall not adjust the standard deduction and
38 compensation cap deduction.

1 (2) The department must publish the updated standard deduction
2 and compensation deduction cap on its website.

3 (3) For purposes of this section, "consumer price index" means
4 the seasonally adjusted consumer price index for all urban consumers
5 (CPI-U), United States city average, as most recently published by
6 November 20th by the United States bureau of labor statistics or its
7 successor agency.

8 NEW SECTION. **Sec. 207.** A new section is added to chapter 82.04
9 RCW to read as follows:

10 APPORTIONMENT AND ALLOCATION OF TAXABLE MARGIN AND GROSS INCOME
11 OF THE BUSINESS. (1) For purposes of determining the proper amount of
12 any tax due under this chapter, taxable margin, value of products,
13 and gross income of the business, including gross proceeds of sales,
14 are allocated and apportioned as provided in this section.

15 (2) Except for taxable margin and gross income of the business
16 allocated under the provisions of subsection (4) or (5) of this
17 section, taxable margin and gross income of the business are
18 apportioned to this state by multiplying the taxable margin or gross
19 income of the business by a fraction, as follows:

20 (a) The numerator of the fraction is the taxpayer's gross income
21 of the business attributed to Washington as provided in section 208
22 of this act;

23 (b) The denominator of the fraction is the worldwide gross income
24 of the business.

25 (3) A taxpayer that is required to file returns as a combined
26 group must include in the numerator computed under subsection (2)(a)
27 of this section the gross income of the business from engaging in
28 business in Washington of each affiliate that is a member of the
29 combined group, without regard to whether that entity has a
30 substantial nexus with this state for the purpose of the taxes
31 imposed in this chapter.

32 (4)(a) Except as otherwise provided in (b) of this subsection
33 (4), in the case of manufacturing, extracting, processing for hire,
34 extracting for hire, and selling standing timber, where a business is
35 subject to tax under section 202(2) of this act or RCW 82.04.261, the
36 taxable margin, value of products, and gross income of the business
37 from those activities conducted in this state is allocated to this
38 state in its entirety.

1 (b) Where the manufacturing of a product occurs partly within and
2 outside of this state, the taxpayer must attribute the portion of the
3 measure of tax that reasonably reflects the extent of the
4 manufacturing activity that occurred within this state.

5 (5) In the case of the surcharge imposed in RCW 82.04.261 on
6 wholesale sales, the gross proceeds of sales are allocated to this
7 state in the same manner as retail sales are sourced to this state
8 under RCW 82.32.730 for retail sales tax purposes.

9 NEW SECTION. **Sec. 208.** A new section is added to chapter 82.04
10 RCW to read as follows:

11 ATTRIBUTING INCOME FOR APPORTIONMENT PURPOSES. (1) Except as
12 otherwise provided in subsection (4)(d) of this section, gross income
13 of the business is attributable to Washington as provided in this
14 section.

15 (2) In the case of gross income of the business from the retail
16 sale or wholesale sale of any product, the gross income of the
17 business is attributed to this state if the sale is sourced to this
18 state under RCW 82.32.730 for purposes of the retail sales tax or
19 would be sourced to this state under that statute if the retail sales
20 tax imposed in chapter 82.08 RCW applied to that sale.

21 (3) In the case of gross income of the business from the granting
22 of a right to use, enter, or enjoy real property, the gross income of
23 the business is attributed to this state if the real property is
24 located in this state. If the real property is located in this and
25 any other state, the gross income of the business must be attributed
26 to this state in proportion to the area of the real property located
27 in this state relative to the total area of the real property both
28 within and outside of this state.

29 (4)(a) In the case of gross income of the business from services
30 or from royalties for the use of the taxpayer's intangible property,
31 other than activities described in subsections (2) and (3) of this
32 section, the gross income of the business is attributed to this state
33 if the customer received the benefit of the taxpayer's service or, in
34 the case of gross income from royalties, the customer used the
35 taxpayer's intangible property, in this state. When a customer
36 receives the benefit of the taxpayer's services or uses the
37 taxpayer's intangible property in this and one or more other states,
38 the taxpayer must attribute to this state a portion of gross income
39 of the business that reasonably reflects the extent to which the

1 customer received the benefit of the taxpayer's services or used the
2 taxpayer's intangible property in this state.

3 (b) In the case of gross income of the business generated from
4 activities other than those described in (a) of this subsection (4)
5 and subsections (2) and (3) of this section, gross income of the
6 business is attributed to this state to the extent that the gross
7 income of the business fairly represents those business activities of
8 the taxpayer conducted in this state.

9 (c) For purposes of this section, gross income of the business
10 must be excluded from the denominator of the receipts factor if, in
11 respect to such gross income of the business, at least some of the
12 activity that generated that income is performed in this state, and
13 the gross income of the business would be attributable to a state in
14 which the taxpayer is not taxable if that state's business activity
15 tax laws were identical to the provisions of this chapter.

16 (d) (a) through (c) of this subsection (4) do not apply to
17 financial institutions. For gross income of the business that would
18 otherwise be attributed as provided in this subsection (4), financial
19 institutions must calculate the receipts factor as provided in a rule
20 that the department must adopt. The rule required under this
21 subsection (4)(d) must, to the extent feasible, be consistent with
22 the multistate tax commission's recommended formula for the
23 apportionment and allocation of net income of financial institutions
24 as it existed on the effective date of this section or a subsequent
25 date as may be provided by the department by rule, consistent with
26 the purposes of this section, except that:

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

29 (ii) The definition of "financial institution" contained in
30 appendix A to the multistate tax commission's recommended formula for
31 the apportionment and allocation of net income of financial
32 institutions is advisory only.

33 (5) For purposes of this section, the definitions in this
34 subsection apply.

35 (a) "Business activities tax" means a tax measured by the amount
36 of, or economic results of, business activity conducted in a state.
37 "Business activities tax" includes taxes measured in whole or in part
38 on net income or gross income or receipts, including taxes similar to
39 the margin tax imposed in this chapter. "Business activities tax"
40 does not include a sales tax, use tax, or a similar transaction tax,

1 imposed on the sale or acquisition of goods or services, whether or
2 not denominated a gross receipts tax or a tax imposed on the
3 privilege of doing business.

4 (b) "Customer" means a person or entity to whom the taxpayer
5 makes a sale, renders services, or who pays royalties or charges in
6 the nature of royalties for the use of the taxpayer's intangible
7 property.

8 (c) "Not taxable" means that the taxpayer is not subject to a
9 business activities tax by that state, except that a taxpayer is
10 taxable in a state in which it would be deemed to have a substantial
11 nexus with that state under the standards in RCW 82.04.067 regardless
12 of whether that state imposes such a tax.

13 (d) "State" means a state of the United States, the District of
14 Columbia, the Commonwealth of Puerto Rico, any territory or
15 possession of the United States, or any foreign country or political
16 subdivision of a foreign country.

17 NEW SECTION. **Sec. 209.** A new section is added to chapter 82.04
18 RCW to read as follows:

19 **AFFILIATED GROUP—COMBINED REPORTING—JOINT AND SEVERAL LIABILITY.**

20 (1) A combined group must register with the department, file, and pay
21 the taxes imposed in this chapter as a single taxpayer.

22 (2) The combined group must designate a single member as the
23 reporting entity to register, file, and pay taxes on behalf of the
24 combined group. The combined group may change the reporting entity
25 only when the entity no longer has substantial nexus with this state
26 under RCW 82.04.067, is no longer a member of the combined group, or
27 as otherwise permitted or required by the department, at which time
28 the combined group must designate another entity as the reporting
29 entity.

30 (3) The department may collect identifying information about all
31 members of a combined group and may require disclosure to the
32 department, for each member, of the business activity inside and
33 outside of this state.

34 (4) Each affiliate that is part of a combined group must, for
35 purposes of determining taxable margin and apportioned taxable
36 margin, include its activities for the same tax period as the
37 combined group.

38 (5) Each affiliate that is part of a combined group is jointly
39 and severally liable for the taxes owed by the combined group.

1 (6) A combined group includes all of its affiliated members,
2 including those that do not have a substantial nexus with this state
3 under RCW 82.04.067. However, a combined group may elect to exclude
4 foreign members from the combined group that have not engaged within
5 this state in business during the tax year. The department may by
6 rule adopt policies and procedures for elections made under this
7 subsection.

8 NEW SECTION. **Sec. 210.** A new section is added to chapter 82.04
9 RCW to read as follows:

10 COMBINED GROUP TAXPAYER IS DEEMED TO BE ENGAGED IN THE BUSINESS
11 OF ITS AFFILIATES. For any taxpayer that is a combined group, the
12 taxpayer is subject to any tax imposed in this chapter expressly on a
13 taxpayer engaging in a specific business activity, including the
14 taxes imposed in section 202(2) of this act and RCW 82.04.261 through
15 82.04.299, if any member of the taxpayer's combined group engages in
16 the specific business activity within this state.

17 NEW SECTION. **Sec. 211.** A new section is added to chapter 82.04
18 RCW to read as follows:

19 EASY COMPUTATION AND RATE. (1) Notwithstanding any other
20 provision of this chapter, a taxpayer who is subject to the margin
21 tax under section 202(1) of this act and whose gross income of the
22 business for the tax year from its entire business is not more than
23 \$5,000,000 may elect to pay the tax imposed under section 202(1) of
24 this act in the amount computed and at the rate provided by this
25 section rather than in the amount computed and at the tax rate
26 provided under section 202 of this act.

27 (2) The amount of the tax due under the method authorized in this
28 section is computed by:

29 (a) Determining the taxpayer's gross income of the business from
30 all activities subject to tax under section 202(1) of this act;

31 (b) Apportioning the amount determined under (a) of this
32 subsection (2) as provided by sections 207 and 208 of this act; and

33 (c) Multiplying the amount computed under (b) of this subsection
34 (2) by 1.75 percent.

35 (3) A taxpayer that elects to pay the tax as provided by this
36 section may not claim any deduction provided for in section 203 of
37 this act.

1 (4) The option for taxpayers to apply the tax rate under this
2 section does not apply to taxpayers engaged in the business of air
3 commerce or air transportation as defined in 49 U.S.C. Sec. 40102 as
4 it existed on the effective date of this section, or a subsequent
5 date as may be provided by the department by rule, consistent with
6 the purposes of this section.

7 **Sec. 212.** RCW 34.05.328 and 2019 c 8 s 405 are each amended to
8 read as follows:

9 (1) Before adopting a rule described in subsection (5) of this
10 section, an agency must:

11 (a) Clearly state in detail the general goals and specific
12 objectives of the statute that the rule implements;

13 (b) Determine that the rule is needed to achieve the general
14 goals and specific objectives stated under (a) of this subsection,
15 and analyze alternatives to rule making and the consequences of not
16 adopting the rule;

17 (c) Provide notification in the notice of proposed rule making
18 under RCW 34.05.320 that a preliminary cost-benefit analysis is
19 available. The preliminary cost-benefit analysis must fulfill the
20 requirements of the cost-benefit analysis under (d) of this
21 subsection. If the agency files a supplemental notice under RCW
22 34.05.340, the supplemental notice must include notification that a
23 revised preliminary cost-benefit analysis is available. A final cost-
24 benefit analysis must be available when the rule is adopted under RCW
25 34.05.360;

26 (d) Determine that the probable benefits of the rule are greater
27 than its probable costs, taking into account both the qualitative and
28 quantitative benefits and costs and the specific directives of the
29 statute being implemented;

30 (e) Determine, after considering alternative versions of the rule
31 and the analysis required under (b), (c), and (d) of this subsection,
32 that the rule being adopted is the least burdensome alternative for
33 those required to comply with it that will achieve the general goals
34 and specific objectives stated under (a) of this subsection;

35 (f) Determine that the rule does not require those to whom it
36 applies to take an action that violates requirements of another
37 federal or state law;

1 (g) Determine that the rule does not impose more stringent
2 performance requirements on private entities than on public entities
3 unless required to do so by federal or state law;

4 (h) Determine if the rule differs from any federal regulation or
5 statute applicable to the same activity or subject matter and, if so,
6 determine that the difference is justified by the following:

7 (i) A state statute that explicitly allows the agency to differ
8 from federal standards; or

9 (ii) Substantial evidence that the difference is necessary to
10 achieve the general goals and specific objectives stated under (a) of
11 this subsection; and

12 (i) Coordinate the rule, to the maximum extent practicable, with
13 other federal, state, and local laws applicable to the same activity
14 or subject matter.

15 (2) In making its determinations pursuant to subsection (1)(b)
16 through (h) of this section, the agency must place in the rule-making
17 file documentation of sufficient quantity and quality so as to
18 persuade a reasonable person that the determinations are justified.

19 (3) Before adopting rules described in subsection (5) of this
20 section, an agency must place in the rule-making file a rule
21 implementation plan for rules filed under each adopting order. The
22 plan must describe how the agency intends to:

23 (a) Implement and enforce the rule, including a description of
24 the resources the agency intends to use;

25 (b) Inform and educate affected persons about the rule;

26 (c) Promote and assist voluntary compliance; and

27 (d) Evaluate whether the rule achieves the purpose for which it
28 was adopted, including, to the maximum extent practicable, the use of
29 interim milestones to assess progress and the use of objectively
30 measurable outcomes.

31 (4) After adopting a rule described in subsection (5) of this
32 section regulating the same activity or subject matter as another
33 provision of federal or state law, an agency must do all of the
34 following:

35 (a) Coordinate implementation and enforcement of the rule with
36 the other federal and state entities regulating the same activity or
37 subject matter by making every effort to do one or more of the
38 following:

39 (i) Deferring to the other entity;

40 (ii) Designating a lead agency; or

1 (iii) Entering into an agreement with the other entities
2 specifying how the agency and entities will coordinate implementation
3 and enforcement.

4 If the agency is unable to comply with this subsection (4)(a),
5 the agency must report to the legislature pursuant to (b) of this
6 subsection;

7 (b) Report to the joint administrative rules review committee:

8 (i) The existence of any overlap or duplication of other federal
9 or state laws, any differences from federal law, and any known
10 overlap, duplication, or conflict with local laws; and

11 (ii) Make recommendations for any legislation that may be
12 necessary to eliminate or mitigate any adverse effects of such
13 overlap, duplication, or difference.

14 (5)(a) Except as provided in (b) of this subsection, this section
15 applies to:

16 (i) Significant legislative rules of the departments of ecology,
17 labor and industries, health, revenue, social and health services,
18 and natural resources, the employment security department, the forest
19 practices board, the office of the insurance commissioner, the state
20 building code council, and to the legislative rules of the department
21 of fish and wildlife implementing chapter 77.55 RCW; and

22 (ii) Any rule of any agency, if this section is voluntarily made
23 applicable to the rule by the agency, or is made applicable to the
24 rule by a majority vote of the joint administrative rules review
25 committee within forty-five days of receiving the notice of proposed
26 rule making under RCW 34.05.320.

27 (b) This section does not apply to:

28 (i) Emergency rules adopted under RCW 34.05.350;

29 (ii) Rules relating only to internal governmental operations that
30 are not subject to violation by a nongovernment party;

31 (iii) Rules adopting or incorporating by reference without
32 material change federal statutes or regulations, Washington state
33 statutes, rules of other Washington state agencies, shoreline master
34 programs other than those programs governing shorelines of statewide
35 significance, or, as referenced by Washington state law, national
36 consensus codes that generally establish industry standards, if the
37 material adopted or incorporated regulates the same subject matter
38 and conduct as the adopting or incorporating rule;

1 (iv) Rules that only correct typographical errors, make address
2 or name changes, or clarify language of a rule without changing its
3 effect;

4 (v) Rules the content of which is explicitly and specifically
5 dictated by statute, including any rules of the department of revenue
6 adopted under the authority of RCW 82.32.762(3);

7 (vi) Rules that set or adjust fees under the authority of RCW
8 19.02.075 or that set or adjust fees or rates pursuant to legislative
9 standards, including fees set or adjusted under the authority of RCW
10 19.80.045;

11 (vii) Rules of the department of social and health services
12 relating only to client medical or financial eligibility and rules
13 concerning liability for care of dependents; (~~or~~)

14 (viii) Rules of the department of revenue that adopt a uniform
15 expiration date for reseller permits as authorized in RCW 82.32.780
16 and 82.32.783; or

17 (ix) Rules of the department of revenue that adopt policies or
18 procedures for taxpayers making an election under section 209(6) of
19 this act.

20 (c) For purposes of this subsection:

21 (i) A "procedural rule" is a rule that adopts, amends, or repeals
22 (A) any procedure, practice, or requirement relating to any agency
23 hearings; (B) any filing or related process requirement for making
24 application to an agency for a license or permit; or (C) any policy
25 statement pertaining to the consistent internal operations of an
26 agency.

27 (ii) An "interpretive rule" is a rule, the violation of which
28 does not subject a person to a penalty or sanction, that sets forth
29 the agency's interpretation of statutory provisions it administers.

30 (iii) A "significant legislative rule" is a rule other than a
31 procedural or interpretive rule that (A) adopts substantive
32 provisions of law pursuant to delegated legislative authority, the
33 violation of which subjects a violator of such rule to a penalty or
34 sanction; (B) establishes, alters, or revokes any qualification or
35 standard for the issuance, suspension, or revocation of a license or
36 permit; or (C) adopts a new, or makes significant amendments to, a
37 policy or regulatory program.

38 (d) In the notice of proposed rule making under RCW 34.05.320, an
39 agency must state whether this section applies to the proposed rule

1 pursuant to (a)(i) of this subsection, or if the agency will apply
2 this section voluntarily.

3 (6) By January 31, 1996, and by January 31st of each even-
4 numbered year thereafter, the office of regulatory assistance, after
5 consulting with state agencies, counties, and cities, and business,
6 labor, and environmental organizations, must report to the governor
7 and the legislature regarding the effects of this section on the
8 regulatory system in this state. The report must document:

9 (a) The rules proposed to which this section applied and to the
10 extent possible, how compliance with this section affected the
11 substance of the rule, if any, that the agency ultimately adopted;

12 (b) The costs incurred by state agencies in complying with this
13 section;

14 (c) Any legal action maintained based upon the alleged failure of
15 any agency to comply with this section, the costs to the state of
16 such action, and the result;

17 (d) The extent to which this section has adversely affected the
18 capacity of agencies to fulfill their legislatively prescribed
19 mission;

20 (e) The extent to which this section has improved the
21 acceptability of state rules to those regulated; and

22 (f) Any other information considered by the office of financial
23 management to be useful in evaluating the effect of this section.

24 **Sec. 213.** RCW 82.04.020 and 1975 1st ex.s. c 278 s 39 are each
25 amended to read as follows:

26 "Tax year" (~~(or "taxable year")~~) means (~~(either)~~) the calendar
27 year (~~(, or the taxpayer's fiscal year when permission is obtained~~
28 ~~from the department of revenue to use a fiscal year in lieu of the~~
29 ~~calendar year)~~).

30 **Sec. 214.** RCW 82.04.066 and 2019 c 8 s 702 are each amended to
31 read as follows:

32 "Engaging within this state," (~~and~~) "engaging within the
33 state," (~~(when used in connection with any apportionable activity as~~
34 ~~defined in RCW 82.04.460 or selling activity taxable under RCW~~
35 ~~82.04.250(1), 82.04.257(1), 82.04.270, or other provision of this~~
36 ~~chapter)~~) "conducted in this state," and similar terms mean(~~s~~) that
37 a person generates gross income of the business from sources within
38 this state, such as customers or intangible property located in this

1 state, regardless of whether the person is physically present in this
2 state.

3 **Sec. 215.** RCW 82.04.067 and 2019 c 8 s 102 are each amended to
4 read as follows:

5 (1) A person engaging in business is deemed to have substantial
6 nexus with this state if, in the current or immediately preceding
7 calendar year, the person is:

8 (a) An individual and is a resident or domiciliary of this state;

9 (b) A business entity and is organized or commercially domiciled
10 in this state; or

11 (c) A nonresident individual or a business entity that is
12 organized or commercially domiciled outside this state, and the
13 person had:

14 (i) More than one hundred thousand dollars of cumulative gross
15 receipts from this state; or

16 (ii) Subject to the limitation in RCW 82.32.531, physical
17 presence in this state, which need only be demonstrably more than a
18 slightest presence. A person engaging within this state in business
19 as an extractor or manufacturer has physical presence in this state.

20 (2) (a) Cumulative gross receipts counting toward the threshold in
21 subsection (1)(c)(i) of this section include all of a person's gross
22 income of the business attributed to this state. For purposes of this
23 subsection, gross income of the business is attributed to this state
24 ((as follows:

25 ~~(i) For apportionable income, all amounts included in the~~
26 ~~numerator of the receipts factor under RCW 82.04.462 and, in the case~~
27 ~~of financial institutions, all amounts included in the numerator of~~
28 ~~the receipts factor under the rule adopted by the department as~~
29 ~~authorized in RCW 82.04.460(2); and~~

30 ~~(ii) For all other income, the gross income of the business~~
31 ~~allocated to this state in accordance with the sourcing provisions of~~
32 ~~RCW 82.32.730)) in the same manner as gross income of the business is~~
33 ~~attributed to this state under section 208 of this act, and in the~~
34 ~~case of financial institutions, as provided in the rule adopted by~~
35 ~~the department as required under section 208 of this act.~~

36 (b) For a marketplace facilitator, cumulative gross receipts
37 counting toward the threshold in subsection (1)(c)(i) of this section
38 include, in addition to the gross proceeds of its own sales, the
39 cumulative gross proceeds from sales by all marketplace sellers

1 through the marketplace facilitator's marketplace, including
2 marketplace sellers that do not have a substantial nexus with this
3 state under the provisions of this section.

4 (3) (a) For purposes of subsection (1)(c)(ii) of this section, a
5 person is physically present in this state if the person has property
6 or employees in this state. A person has property in this state if
7 the person owns or possesses property that is located in this state.

8 (b) A person is also physically present in this state for the
9 purposes of subsection (1)(c)(ii) of this section if the person,
10 either directly or through an agent or other representative, engages
11 in activities in this state that are significantly associated with
12 the person's ability to establish or maintain a market for its
13 products in this state.

14 ~~((The definitions in this subsection apply throughout this~~
15 ~~section unless the context clearly requires otherwise.~~

16 ~~(a) "Apportionable income" has the same meaning as provided in~~
17 ~~RCW 82.04.460.~~

18 ~~(b) "Marketplace,"))~~ A taxpayer that is a combined group has
19 substantial nexus with this state under this section if any member of
20 the combined group has substantial nexus with this state under this
21 section.

22 (5) (a) A taxpayer who establishes or reestablishes a substantial
23 nexus with this state after the first day of the current calendar
24 year under the provisions of this section is subject to the taxes,
25 including surcharges, imposed under this chapter for the current
26 calendar year only on business activity occurring on and after the
27 date that the taxpayer established or reestablished a substantial
28 nexus with this state in the current calendar year.

29 (b) The provisions of (a) of this subsection do not apply to a
30 taxpayer who met any of the criteria in subsection (1)(a) through (c)
31 of this section during the immediately preceding calendar year, and
32 the taxpayer is taxable under this chapter for the current calendar
33 year in its entirety.

34 (6) For purposes of this section, "marketplace," "marketplace
35 facilitator," and "marketplace seller" have the same meaning as
36 provided in RCW 82.08.010.

37 ~~((c) "Product" has the same meaning as provided in RCW~~
38 ~~82.32.023.))~~

1 **Sec. 216.** RCW 82.04.080 and 2010 1st sp.s. c 23 s 109 are each
2 amended to read as follows:

3 (1) "Gross income of the business" means the value proceeding or
4 accruing by reason of the transaction of the business engaged in and
5 includes gross proceeds of sales, compensation for the rendition of
6 services, gains realized from trading in stocks, bonds, or other
7 evidences of indebtedness, interest, discount, rents, royalties,
8 fees, commissions, dividends, and other emoluments however
9 designated, all without any deduction on account of the cost of
10 tangible property sold, the cost of materials used, labor costs,
11 interest, discount, delivery costs, taxes, or any other expense
12 whatsoever paid or accrued and without any deduction on account of
13 losses.

14 (2) Financial institutions must determine gains realized from
15 trading in stocks, bonds, and other evidences of indebtedness on a
16 net annualized basis. For purposes of this subsection, a financial
17 institution means a person within the scope of the rule adopted by
18 the department under the authority of ((RCW 82.04.460(2))) section
19 208 of this act.

20 (3) With respect to the business of operating contests of chance,
21 "gross income of the business" does not include the monetary value or
22 actual cost of any prizes that are awarded, amounts paid to players
23 for winning wagers, accrual of prizes for progressive jackpot
24 contests, or repayment of amounts used to seed guaranteed progressive
25 jackpot prizes. The definitions in RCW 82.04.285 apply to this
26 subsection.

27 (4) "Gross income of the business" does not include the gross
28 proceeds of sales of precious metal bullion or monetized bullion.
29 However, "gross income of the business" of selling precious metal
30 bullion or monetized bullion includes the taxpayer's gain on such
31 sales and also amounts received as commissions upon transactions for
32 the accounts of customers over and above the amount paid to other
33 dealers associated in such transactions, but no deduction or offset
34 is allowed on account of salaries or commissions paid to salesmen or
35 other employees.

36 (5)(a) With respect to real estate commissions earned by a real
37 estate firm, "gross income of the business" is the gross commission
38 earned by the particular real estate firm, including that portion of
39 the commission paid to brokers, including designated and managing
40 brokers, in the same firm on a particular transaction. However, when

1 a real estate commission on a particular transaction is divided among
2 real estate firms at the closing of the transaction, including a firm
3 located out of state, each firm must include in its gross income of
4 the business only its respective shares of said commission. Moreover,
5 when the real estate firm has paid the tax as provided in this
6 chapter, brokers, including designated and managing brokers, within
7 the same real estate firm are not required to pay tax under this
8 chapter upon the same transaction. If any firm located out of state
9 receives a share of commission on a particular transaction and has a
10 substantial nexus with this state under RCW 82.04.067, that company
11 or broker is subject to the provisions of this chapter with respect
12 to the commission.

13 (b) For the purposes of this subsection (5), "broker,"
14 "designated broker," "managing broker," and "real estate firm" have
15 the same meanings as provided in RCW 18.85.011.

16 (6) With respect to amounts received from parimutuel wagering
17 taxed under RCW 82.04.286, "gross income of the business" does not
18 include amounts paid to players for winning wagers, or taxes imposed
19 or other distributions required under chapter 67.16 RCW.

20 **PART III**

21 **EXEMPTIONS, CREDITS, AND ADDITIONAL DEDUCTIONS**

22 NEW SECTION. Sec. 301. A new section is added to chapter 82.04
23 RCW to read as follows:

24 TEMPORARY CARRYOVER CREDITS. (1) In computing the taxes imposed
25 under this chapter, a taxpayer may claim unused business and
26 occupation tax credits through the earlier of the tax year beginning
27 January 1, 2031, or the tax year that includes the latest point in
28 time for which the credit could have been claimed by the taxpayer
29 under this chapter.

30 (2) A taxpayer that is a combined group may claim the unused
31 business and occupation tax credits of any member of the combined
32 group.

33 (3) The amount of credit claimed may not exceed the amount of tax
34 otherwise due under this chapter for the tax year for which the
35 credit is claimed. Unused credits may not be carried forward to tax
36 years beginning on or after January 1, 2032.

37 (4) For purposes of this section, "unused business and occupation
38 tax credit" means a credit against the tax imposed under this chapter

1 and earned but not claimed before the effective date of the repeal of
2 the credit under section 701 of this act.

3 (5) This section expires January 1, 2032.

4 NEW SECTION. **Sec. 302.** A new section is added to chapter 82.04
5 RCW to read as follows:

6 CREDIT—TAXPAYERS TAXABLE ON MULTIPLE ACTIVITIES. (1) Taxpayers
7 subject to the margin tax imposed under section 202(2)(a) of this act
8 for engaging in business within this state as a manufacturer are
9 allowed a credit against that tax for any extracting taxes paid with
10 respect to extracting the ingredients of the products manufactured in
11 this state. The amount of the credit may not exceed the tax liability
12 arising under section 202(2)(a) of this act with respect to the
13 manufacturing of those products.

14 (2)(a) Taxpayers subject to the margin tax imposed under section
15 202(1) of this act with respect to selling products in this state are
16 allowed a credit against that tax for either or both of the
17 following:

18 (i) Any manufacturing taxes paid with respect to the
19 manufacturing of products sold in this state; and

20 (ii) Extracting taxes paid with respect to the extracting of
21 products sold in this state or ingredients of products so sold in
22 this state. Extracting taxes taken as a credit under subsection (1)
23 of this section may also be taken under this subsection (2)(a)(ii),
24 if otherwise allowable under this subsection (2)(a)(ii).

25 (b) The amount of credit under this subsection (2) may not exceed
26 the tax liability arising under section 202(1) of this act with
27 respect to the sales of products manufactured or extracted by the
28 seller. The department may require taxpayers claiming the credit
29 under this subsection (2) to report the amount of their margin tax
30 liability attributable to the sale in this state of products
31 manufactured or extracted by the taxpayer.

32 (3)(a) Persons taxable under section 202(2) of this act with
33 respect to extracting or manufacturing products in this state are
34 allowed a credit against those taxes for any:

35 (i) Margin taxes paid to another state with respect to the sales
36 of the products extracted or manufactured in this state;

37 (ii) Manufacturing taxes paid with respect to the manufacturing
38 of products using ingredients extracted in this state; or

1 (iii) Manufacturing taxes paid with respect to manufacturing
2 activities completed in another state for products manufactured in
3 this state.

4 (b) The amount of the credit under this subsection (3) may not
5 exceed the tax liability arising under section 202(2) of this act
6 with respect to the extraction or manufacturing of products under (a)
7 of this subsection (3).

8 (4) No application is required to claim credits under this
9 section. Unused credit under this section may not be carried forward
10 or backward and claimed for any tax reporting periods preceding or
11 following the tax reporting period for which the credit is earned.

12 (5) For purposes of this section, the definitions in this
13 subsection apply:

14 (a)(i) "Extracting tax" means a margin tax imposed expressly on
15 the act or privilege of engaging in business as an extractor, and
16 includes the tax imposed on extractors in section 202(2)(b) of this
17 act and similar margin taxes paid to other states.

18 (ii) For purposes of this subsection (5)(a), "similar margin
19 taxes" paid to other states does not include a margin tax as applied
20 to the sale of products extracted by the taxpayer.

21 (b)(i) "Manufacturing tax" means a margin tax imposed expressly
22 on the act or privilege of engaging in business as a manufacturer,
23 and includes the tax imposed under section 202(2)(a) of this act and
24 similar margin taxes paid to other states.

25 (ii) For purposes of this subsection (5)(b), "similar margin
26 taxes paid to other states" does not include a margin tax as applied
27 to the sale of products manufactured by the taxpayer.

28 (c) "Margin tax" means a tax that:

29 (i) Is imposed on or measured by a taxpayer's gross volume of
30 business, in terms of gross income, gross receipts, value of
31 products, or other terms, less a specified dollar amount that is at
32 least \$500,000, or a specified percentage of 15 percent or more of
33 its gross income, or all or a significant portion of its labor costs,
34 cost of goods sold, or cost inputs;

35 (ii) Does not allow deductions or exclusions in calculating the
36 tax that would render the tax a net income tax or value added tax;
37 and

38 (iii) Is not, pursuant to law or custom, separately stated from
39 the sales price on any document of sale provided to the customer.

40 (d) "State" means:

1 (i) The state of Washington;

2 (ii) A state of the United States other than Washington, or any
3 political subdivision of such other state;

4 (iii) The District of Columbia; and

5 (iv) Any foreign country or political subdivision thereof.

6 (e) "Taxpayer" has the same meaning as in section 201 of this act
7 and includes any member of its combined group that has paid a margin
8 tax to another state.

9 **Sec. 303.** RCW 82.04.2403 and 1994 c 167 s 1 are each amended to
10 read as follows:

11 The tax imposed by ~~((RCW 82.04.240))~~ section 202(2)(a) of this
12 act does not apply to cleaning fish. "Cleaning fish" means the
13 removal of the head, fins, or viscera from fresh fish without further
14 processing, other than freezing.

15 **Sec. 304.** RCW 82.04.310 and 2021 c 226 s 2 are each amended to
16 read as follows:

17 ~~((1))~~ This chapter does not apply to ~~((any person in respect to~~
18 ~~a))~~ business activity ~~((with respect to which tax liability is~~
19 ~~specifically imposed under the provisions of))~~ taxable under chapter
20 82.16 RCW, including amounts derived from activities for which a
21 deduction or exemption is allowed under chapter 82.16 RCW
22 ~~((82.16.050))~~. ~~((The))~~ However, the exemption in this ~~((sub))~~section
23 does not apply to sales of natural gas, including compressed natural
24 gas and liquefied natural gas used or sold to manufacture
25 transportation fuel, and renewable natural gas, by a gas distribution
26 business, if such sales are exempt from the tax imposed under chapter
27 82.16 RCW as provided in RCW 82.16.310.

28 ~~((2) This chapter does not apply to amounts received by any~~
29 ~~person for the sale of electrical energy for resale within or outside~~
30 ~~the state.~~

31 ~~(3)(a) This chapter does not apply to amounts received by any~~
32 ~~person for the sale of natural or manufactured gas in a calendar year~~
33 ~~if that person sells within the United States a total amount of~~
34 ~~natural or manufactured gas in that calendar year that is no more~~
35 ~~than twenty percent of the amount of natural or manufactured gas that~~
36 ~~it consumes within the United States in the same calendar year.~~

37 ~~(b) For purposes of determining whether a person has sold within~~
38 ~~the United States a total amount of natural or manufactured gas in a~~

1 ~~calendar year that is no more than twenty percent of the amount of~~
2 ~~natural or manufactured gas that it consumes within the United States~~
3 ~~in the same calendar year, the following transfers of gas are not~~
4 ~~considered to be the sale of natural or manufactured gas:~~

5 ~~(i) The transfer of any natural or manufactured gas as a result~~
6 ~~of the acquisition of another business, through merger or otherwise;~~
7 ~~or~~

8 ~~(ii) The transfer of any natural or manufactured gas accomplished~~
9 ~~solely to comply with federal regulatory requirements imposed on the~~
10 ~~pipeline transportation of such gas when it is shipped by a third-~~
11 ~~party manager of a person's pipeline transportation.~~

12 ~~(4) Until January 1, 2031, this chapter does not apply to amounts~~
13 ~~received by any person in the form of credits against power contracts~~
14 ~~with the Bonneville power administration, or funds provided by the~~
15 ~~Bonneville power administration, for the purpose of implementing~~
16 ~~energy conservation programs or demand-side management programs, so~~
17 ~~long as the amount that would otherwise be owed under this chapter is~~
18 ~~used for purposes of low-income ratepayer assistance or~~
19 ~~weatherization. The funds generated for low-income ratepayer~~
20 ~~assistance and weatherization under this subsection must be additive~~
21 ~~to and not supplant any existing funds used by the utility for low-~~
22 ~~income ratepayer assistance and weatherization.)~~

23 **Sec. 305.** RCW 82.04.311 and 2002 c 365 s 14 are each amended to
24 read as follows:

25 This chapter does not apply to ~~((income))~~ amounts received by the
26 tobacco settlement authority under chapter 43.340 RCW.

27 **Sec. 306.** RCW 82.04.320 and 2021 c 281 s 10 are each amended to
28 read as follows:

29 (1) Except as otherwise provided in this section, this chapter
30 does not apply to ~~((any person in respect to insurance business))~~
31 amounts upon which a tax based on gross premiums is paid to the state
32 under Title 48 RCW.

33 (2) The provisions of this section do not exempt any person
34 engaging in the business of representing any insurance company,
35 whether as general or local agent, or acting as broker for such
36 companies.

37 (3) The provisions of this section do not exempt any bonding
38 company from tax with respect to ~~((gross income derived))~~ taxable

1 margin generated from the completion of any contract as to which it
2 is a surety, or as to any liability as successor to the liability of
3 the defaulting contractor.

4 ~~(4) ((For purposes of this section, for periods preceding May 12,~~
5 ~~2021, eligible captive insurers as defined in RCW 48.201.020 are~~
6 ~~deemed, in respect to their insurance business, to have paid a tax on~~
7 ~~gross premiums to the state.~~

8 ~~(5))~~) Eligible captive insurers affiliated with a public
9 institution of higher education that are exempt from paying a premium
10 tax under RCW 48.201.040 are exempt from the tax imposed by this
11 chapter in respect to their insurance business. For purposes of this
12 subsection ~~((5))~~ (4), the definitions in RCW 48.201.020 apply.

13 **Sec. 307.** RCW 82.04.322 and 1993 c 492 s 303 are each amended to
14 read as follows:

15 This chapter does not apply to amounts received by any health
16 maintenance organization, health care service contractor, or
17 certified health plan in respect to premiums or prepayments that are
18 taxable under RCW 48.14.0201.

19 **Sec. 308.** RCW 82.04.323 and 2022 c 73 s 1 are each amended to
20 read as follows:

21 ~~((The taxes imposed by this))~~ This chapter ~~((do))~~ does not apply
22 to amounts received by the Washington health benefit exchange
23 established under chapter 43.71 RCW.

24 **Sec. 309.** RCW 82.04.340 and 2000 c 103 s 6 are each amended to
25 read as follows:

26 This chapter ~~((shall))~~ does not apply to ~~((any person in respect~~
27 ~~to))~~ amounts received from the business of conducting boxing contests
28 and sparring or wrestling matches and exhibitions for the conduct of
29 which a license must be secured from the department of licensing if
30 the fee for the license is based, in whole or in part, on the gross
31 receipts from the licensed activity.

32 **Sec. 310.** RCW 82.04.350 and 2005 c 369 s 7 are each amended to
33 read as follows:

34 Except as provided in RCW 82.04.286(1), this chapter ~~((shall))~~
35 does not apply to ~~((any person in respect to))~~ amounts received from
36 the business of conducting race meets for the conduct of which a

1 license must be secured from the horse racing commission if the fee
2 for the license is based, in whole or in part, on the gross receipts
3 from the licensed activity.

4 **Sec. 311.** RCW 82.04.360 and 2010 1st sp.s. c 23 s 702 are each
5 amended to read as follows:

6 (1) This chapter does not apply to any person in respect to (~~his~~
7 ~~or her~~) the persons employment in the capacity of an employee or
8 servant as distinguished from that of an independent contractor.
9 (~~For the purposes of this section, the definition of employee~~
10 ~~includes those persons that are defined in section 3121(d)(3)(B) of~~
11 ~~the federal internal revenue code of 1986, as amended through January~~
12 ~~1, 1991.~~)

13 (2) (~~Until July 1, 2010, this chapter~~) The exemption in
14 subsection (1) of this section does not apply to amounts received by
15 an individual from a corporation as compensation for serving as a
16 member of that corporation's board of directors. (~~Beginning on July~~
17 ~~1, 2010, such amounts are taxable under RCW 82.04.290(2).~~)

18 (3) A booth renter is an independent contractor for purposes of
19 this chapter. For purposes of this section, "booth renter" means any
20 person who:

21 (a) Performs cosmetology, barbering, esthetics, or manicuring
22 services for which a license is required under chapter 18.16 RCW; and

23 (b) Pays a fee for the use of salon or shop facilities and
24 receives no compensation or other consideration from the owner of the
25 salon or shop for the services performed.

26 **Sec. 312.** RCW 82.04.380 and 1961 c 15 s 82.04.380 are each
27 amended to read as follows:

28 This chapter (~~shall~~) does not apply to (~~the gross sales or the~~
29 ~~gross income received by~~) corporations (~~which have been~~)
30 incorporated under any act of the congress of the United States of
31 America and whose principal purposes are to furnish volunteer aid to
32 members of the armed forces of the United States and also to carry on
33 a system of national and international relief and to apply the same
34 in mitigating the sufferings caused by pestilence, famine, fire,
35 floods, and other national calamities and to devise and carry on
36 measures for preventing the same.

1 **Sec. 313.** RCW 82.04.390 and 1961 c 15 s 82.04.390 are each
2 amended to read as follows:

3 This chapter (~~(shall)~~) does not apply to (~~(gross proceeds~~
4 ~~derived)~~) amounts received from the sale of real estate. This
5 (~~(however, shall not be construed to allow a deduction of amounts)~~)
6 exemption does not apply to gross income of the business received as
7 commissions from the sale of real estate, nor as fees, handling
8 charges, discounts, interest or similar financial charges resulting
9 from, or relating to, real estate transactions.

10 **Sec. 314.** RCW 82.04.405 and 1998 c 311 s 4 are each amended to
11 read as follows:

12 This chapter (~~(shall)~~) does not apply to (~~(the gross income of)~~)
13 amounts received by credit unions organized under the laws of this
14 state, any other state, or the United States.

15 **Sec. 315.** RCW 82.04.408 and 1983 c 161 s 25 are each amended to
16 read as follows:

17 This chapter does not apply to (~~(income)~~) amounts received by the
18 state housing finance commission under chapter 43.180 RCW.

19 **Sec. 316.** RCW 82.04.4282 and 2009 c 535 s 410 are each amended
20 to read as follows:

21 (1) In computing tax there may be deducted from (~~(the measure of~~
22 ~~tax)~~) gross income of the business amounts derived from bona fide
23 (~~(1)~~) (a) initiation fees, (~~(2)~~) (b) dues, (~~(3)~~) (c)
24 contributions, (~~(4)~~) (d) donations, (~~(5)~~) (e) tuition fees,
25 (~~(6)~~) (f) charges made by a nonprofit trade or professional
26 organization for attending or occupying space at a trade show,
27 convention, or educational seminar sponsored by the nonprofit trade
28 or professional organization, which trade show, convention, or
29 educational seminar is not open to the general public, (~~(7)~~) (g)
30 charges made for operation of privately operated kindergartens, and
31 (~~(8)~~) (h) endowment funds.

32 (2) This section (~~(may)~~) does not (~~(be construed to)~~) exempt any
33 person, association, or society from tax liability upon selling
34 tangible personal property, digital goods, digital codes, or digital
35 automated services, or upon providing facilities or other services
36 for which a special charge is made to members or others. If dues are
37 in exchange for any significant amount of goods or services rendered

1 by the recipient thereof to members without any additional charge to
2 the member, or if the dues are graduated upon the amount of goods or
3 services rendered, the value of such goods or services (~~(shall)~~) are
4 not (~~(be considered as a deduction)~~) deductible under this section.

5 **Sec. 317.** RCW 82.04.4283 and 1980 c 37 s 4 are each amended to
6 read as follows:

7 (1) In computing tax there may be deducted from (~~(the measure of~~
8 tax)) gross income of the business the amount of cash discount
9 actually taken by the purchaser. This deduction is not allowed in
10 arriving at the taxable amount (~~(under the extractive or~~
11 manufacturing classifications with respect to articles produced or
12 manufactured, the reported values of which, for the purposes of this
13 tax, have been computed according to the provisions of RCW
14 82.04.450)) for purposes of the taxes imposed under section 202(2) of
15 this act or RCW 82.04.261 on taxpayers engaging in business as a
16 manufacturer or extractor.

17 (2) For purposes of this section, "cash discount" means a
18 deduction from the invoice price of goods or charge for services that
19 is allowed if the bill is paid on or before a specified date.

20 **Sec. 318.** RCW 82.04.4284 and 2004 c 153 s 307 are each amended
21 to read as follows:

22 (1) In computing tax there may be deducted from (~~(the measure of~~
23 ~~tax)) gross income of the business bad debts, as that term is used in~~
24 26 U.S.C. Sec. 166, as amended or renumbered as of January 1, 2003,
25 on which tax was previously paid.

26 (2) For purposes of this section, "bad debts" do not include:

27 (a) Amounts due on property that remains in the possession of the
28 seller until the full purchase price is paid;

29 (b) Expenses incurred in attempting to collect debt;

30 (c) Sales or use taxes payable to a seller; and

31 (d) Repossessed property.

32 (3) If a deduction is taken for a bad debt and the debt is
33 subsequently collected in whole or in part, the (~~(tax on the))~~ amount
34 collected must be (~~(paid)~~) included in gross income of the business
35 and reported on the return filed for the period in which the
36 collection is made.

1 (4) Payments on a previously claimed bad debt must be applied
2 under RCW 82.08.037(4) and 82.12.037, according to such rules as the
3 department may prescribe.

4 **Sec. 319.** RCW 82.04.4285 and 2013 c 225 s 639 are each amended
5 to read as follows:

6 In computing tax there may be deducted from (~~the measure of tax~~
7 ~~so much~~) gross income of the business the portion of the sale price
8 of fuel (~~as~~) that constitutes the amount of tax imposed by the
9 state under chapter 82.38 RCW or the United States government, under
10 26 U.S.C., Subtitle D, chapters 31 and 32, upon the sale thereof.

11 **Sec. 320.** RCW 82.04.4286 and 1980 c 37 s 7 are each amended to
12 read as follows:

13 (~~In computing tax there may be deducted from the measure of tax~~
14 ~~amounts derived from business which~~) This chapter does not apply to
15 amounts received from business activity that the state is prohibited
16 from taxing under the Constitution of this state or the Constitution
17 or laws of the United States.

18 **Sec. 321.** RCW 82.04.4293 and 1980 c 37 s 13 are each amended to
19 read as follows:

20 In computing tax there may be deducted from (~~the measure of~~
21 ~~tax~~) gross income of the business by those engaged in banking, loan,
22 security, or other financial businesses, amounts (~~derived~~) received
23 from interest paid on all obligations of the state of Washington, its
24 political subdivisions, and municipal corporations organized pursuant
25 to the laws thereof.

26 **Sec. 322.** RCW 82.04.4339 and 2021 c 143 s 1 are each amended to
27 read as follows:

28 (1) In computing tax there may be deducted from the (~~measure of~~
29 ~~tax~~) gross income of the business amounts received by a nonprofit
30 organization from the United States or any instrumentality thereof,
31 the state of Washington or any municipal corporation or political
32 subdivision thereof, or an Indian tribe as defined in RCW 43.06.523,
33 as salmon recovery grants.

34 (2) For the purposes of this section, the following definitions
35 apply:

1 (a) "Nonprofit organization" has the same meaning as in RCW
2 82.04.3651.

3 (b) "Salmon recovery grant" means, solely for the purposes of
4 this section, financial assistance provided to primarily benefit the
5 public as a whole by renewing, restoring, or protecting, by human
6 intervention, salmon ecosystems or salmon habitats in this state,
7 whether or not such financial assistance furthers the regulatory
8 activities of the grantor.

9 **Sec. 323.** RCW 82.04.440 and 2011 c 2 s 205 are each amended to
10 read as follows:

11 (1) Every person engaged in activities that are subject to tax
12 under two or more provisions of RCW (~~82.04.230 through 82.04.298,~~
13 ~~inclusive,~~) 82.04.261 is taxable under each provision applicable to
14 those activities.

15 (2) Persons taxable under (~~RCW 82.04.2909(2), 82.04.250,~~
16 ~~82.04.270, 82.04.294(2), or 82.04.260 (1)(b), (c), or (d), (4), (11),~~
17 ~~or (12) with respect to selling products in this state, including~~
18 ~~those persons who are also taxable under~~) RCW 82.04.261(~~(7)~~) with
19 respect to selling products at wholesale in this state are allowed a
20 credit against those taxes for any (a) manufacturing taxes paid with
21 respect to the manufacturing of products so sold in this state,
22 and/or (b) extracting taxes paid with respect to the extracting of
23 products so sold in this state or ingredients of products so sold in
24 this state. Extracting taxes taken as credit under subsection (3) of
25 this section may also be taken under this subsection, if otherwise
26 allowable under this subsection. The amount of the credit may not
27 exceed the tax liability arising under (~~this chapter~~) RCW 82.04.261
28 with respect to the sale of those products.

29 (3) Persons taxable as manufacturers under (~~RCW 82.04.240 or~~
30 ~~82.04.260 (1)(b) or (12), including those persons who are also~~
31 ~~taxable under~~) RCW 82.04.261(~~(7)~~) are allowed a credit against those
32 taxes for any extracting taxes paid with respect to extracting the
33 ingredients of the products so manufactured in this state. The amount
34 of the credit may not exceed the tax liability arising under (~~this~~
35 ~~chapter~~) RCW 82.04.261 with respect to the manufacturing of those
36 products.

37 (4) Persons taxable under (~~RCW 82.04.230, 82.04.240,~~
38 ~~82.04.2909(1), 82.04.294(1), 82.04.2404, or 82.04.260 (1), (2), (4),~~
39 ~~(11), or (12), including those persons who are also taxable under~~)

1 RCW 82.04.261(~~(7)~~) with respect to extracting or manufacturing
2 products in this state are allowed a credit against those taxes for
3 any (~~((i))~~) (a) gross receipts taxes paid to another state with
4 respect to the sales of the products so extracted or manufactured in
5 this state, (~~((ii))~~) (b) manufacturing taxes paid with respect to the
6 manufacturing of products using ingredients so extracted in this
7 state, or (~~((iii))~~) (c) manufacturing taxes paid with respect to
8 manufacturing activities completed in another state for products so
9 manufactured in this state. The amount of the credit may not exceed
10 the tax liability arising under (~~(this chapter)~~) RCW 82.04.261 with
11 respect to the extraction or manufacturing of those products.

12 (5) No application is required to claim credits under this
13 section. Unused credit under this section may not be carried forward
14 or backward and claimed for any tax reporting periods preceding or
15 following the tax reporting period for which the credit is earned.

16 (6) For the purpose of this section, the definitions in this
17 subsection apply:

18 (a) "Gross receipts tax" means a tax that:

19 (i) (~~(Which is)~~) Is imposed on or measured by (~~(the)~~) a
20 taxpayer's gross volume of business, in terms of gross income, gross
21 receipts, value of products, or in other terms, and in the
22 determination of which the deductions allowed would not constitute
23 the tax (~~(an)~~) a net income tax or value added tax; and

24 (ii) (~~(Which is)~~) Is also not, pursuant to law or custom,
25 separately stated from the sales price on any document of sale
26 provided to the customer.

27 (b) "State" means (i) the state of Washington, (ii) a state of
28 the United States other than Washington, or any political subdivision
29 of such other state, (iii) the District of Columbia, and (iv) any
30 foreign country or political subdivision thereof.

31 (c) "Manufacturing tax" means a gross receipts tax imposed
32 expressly on the act or privilege of engaging in business as a
33 manufacturer, and includes (~~((i) the taxes imposed in RCW 82.04.240,~~
34 ~~82.04.2404, 82.04.2909(1), 82.04.260 (1), (2), (4), (11), and (12),~~
35 ~~and 82.04.294(1);~~ (~~((ii))~~) the tax imposed under RCW 82.04.261 on
36 persons who are engaged in business as a manufacturer(~~(7)~~) and
37 (~~((iii))~~) similar gross receipts taxes paid to other states.

38 (d) "Extracting tax" means a gross receipts tax imposed expressly
39 on the act or privilege of engaging in business as an extractor, and
40 includes (~~((i) the tax imposed on extractors in RCW 82.04.230 and~~

1 ~~82.04.260(12); (ii))~~ the tax imposed under RCW 82.04.261 on persons
2 who are engaged in business as an extractor(~~(†)~~) and (~~((iii))~~)
3 similar gross receipts taxes paid to other states.

4 (e) "Business," "manufacturer," "extractor," and other terms used
5 in this section have the meanings given in RCW 82.04.020 through
6 (~~(82.04.212 [82.04.217])~~) 82.04.217, notwithstanding the use of those
7 terms in the context of describing taxes imposed by other states.

8 **Sec. 324.** RCW 82.04.4497 and 2021 c 196 s 16 are each amended to
9 read as follows:

10 (1) To avoid taxing the same sale or exchange under both the
11 (~~(business and occupation)~~) margin tax and capital gains tax, a
12 (~~(credit)~~) deduction is allowed (~~(against taxes due under this~~
13 ~~chapter)~~) from gross income of the business in the amount of gain on
14 a sale or exchange (~~(that is also subject to the tax imposed under~~
15 ~~RCW 82.87.040. The credit is equal to the amount of tax imposed under~~
16 ~~this chapter on such sale or exchange)~~) of long-term capital assets
17 by a taxpayer if:

18 (a) The sale or exchange is subject to tax under this chapter and
19 the tax imposed under RCW 82.87.040;

20 (b) The gain is included in the Washington capital gains of the
21 taxpayer or a legal or beneficial owner of the taxpayer; and

22 (c) The taxpayer or a legal or beneficial owner of the taxpayer
23 has paid the tax imposed under RCW 82.87.040 with respect to the
24 Washington capital gains.

25 (2) (~~The credit may be used against any tax due under this~~
26 ~~chapter)~~) For purposes of this section, where a taxpayer is a
27 combined group, a legal or beneficial owner of the taxpayer means a
28 legal or beneficial owner of any member of the combined group.

29 (3) (~~The credit under this section is earned in regards to a~~
30 ~~sale or exchange, and may be claimed against taxes due under this~~
31 ~~chapter, for the tax reporting period in which the sale or exchange~~
32 ~~occurred. The credit claimed for a tax reporting period may not~~
33 ~~exceed the tax otherwise due under this chapter for that tax~~
34 ~~reporting period. Unused credit may not be carried forward or~~
35 ~~backward to another tax reporting period. No refunds may be granted~~
36 ~~for unused credit under this section.~~

37 (4) ~~The department must apply the credit first to taxes deposited~~
38 ~~into the general fund. If any remaining credit reduces the amount of~~
39 ~~taxes deposited into the workforce education investment account~~

1 established in RCW 43.79.195, the department must notify the state
2 treasurer of such amounts monthly, and the state treasurer must
3 transfer those amounts from the general fund to the workforce
4 education investment account)) The department may require this
5 deduction be claimed on an amended return if, at the time the
6 original return under this chapter is due, the tax imposed under RCW
7 82.87.040 has not been paid as required by subsection (1)(b) of this
8 section.

9 **Sec. 325.** RCW 82.04.4499 and 2022 c 189 s 2 are each amended to
10 read as follows:

11 (1) Subject to the limitations in this section, a credit is
12 allowed against the tax imposed under this chapter for contributions
13 made by a ((person)) taxpayer to the equitable access to credit
14 program created in chapter 43.390 RCW.

15 (2)(a) The ((person)) taxpayer must make the contribution before
16 claiming a credit authorized under this section. The credit may be
17 used against any tax due under this chapter. The amount of the credit
18 claimed for a reporting period may not exceed the tax otherwise due
19 under this chapter for that reporting period. No ((person)) taxpayer
20 may claim more than \$1,000,000 of credit ((in)) for any ((calendar))
21 tax year, including credit carried over from a previous ((calendar))
22 tax year. No refunds may be granted for any unused credits.

23 (b) Any amount of tax credit otherwise allowable under this
24 section not claimed by the ((person)) taxpayer in any ((calendar

25 year)) tax year, including unused credit remaining as of June 30,

26 2027, may be carried forward and claimed against a ((person's))

27 taxpayer's tax liability for the next succeeding ((calendar)) tax

28 year; and any credit not used in that next succeeding ((calendar))

29 tax year may be carried forward and claimed against the ((person's))

30 taxpayer's tax liability for the second succeeding ((calendar)) tax

31 year, but may not be carried over for any ((calendar)) tax year

32 thereafter. Credit under this section may not be carried back and

33 claimed for tax years ending before the credit under this section is

34 earned.

35 (3) Credits are available on a first-in-time basis. The
36 department must disallow any credits, or portions thereof, that would
37 cause the total amount of credits claimed under this section for any
38 ((calendar)) tax year to exceed \$8,000,000. If this limitation is
39 reached, the department must notify the department of commerce that

1 the annual statewide limit has been met. In addition, the department
2 must provide written notice to any ((~~person~~)) taxpayer who has
3 claimed tax credits in excess of the limitation in this subsection.
4 The notice must indicate the amount of tax due and provide the tax be
5 paid within 30 days from the date of the notice. The department may
6 not assess penalties and interest as provided in chapter 82.32 RCW on
7 the amount due in the initial notice if the amount due is paid by the
8 due date specified in the notice, or any extension thereof.

9 (4) To claim a credit under this section, a ((~~person~~)) taxpayer
10 must electronically file with the department all returns, forms, and
11 any other information required by the department, in an electronic
12 format as provided or approved by the department. Any return, form,
13 or information required to be filed in an electronic format under
14 this section is not filed until received by the department in
15 electronic format. As used in this subsection, "returns" has the same
16 meaning as "return" in RCW 82.32.050.

17 (5) No application is necessary for the tax credit. The
18 ((~~person~~)) taxpayer must keep records necessary for the department to
19 verify eligibility under this section.

20 (6) The equitable access to credit program must provide to the
21 department, upon request, such information as may be needed to verify
22 eligibility for credit under this section, including information
23 regarding contributions received by the program.

24 (7) The maximum credit that may be earned for each ((~~calendar~~))
25 tax year under this section for a ((~~person~~)) taxpayer is limited to
26 the lesser of \$1,000,000 or an amount equal to 100 percent of the
27 contributions made by the ((~~person~~)) taxpayer to the equitable access
28 to credit program during the tax year.

29 (8) No credit may be earned for contributions made on or after
30 June 30, 2027. Credits may be claimed as provided in subsections (2)
31 through (4) of this section; however, credits may not be claimed
32 prior to January 1, 2023.

33 (9) For the purposes of this section, "equitable access to credit
34 program" means a program established within the department of
35 commerce pursuant to RCW 43.390.020.

36 (10) The provisions of chapter 82.32 RCW apply to the
37 administration of this section.

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

1 **Sec. 326.** RCW 82.04.615 and 2007 c 381 s 1 are each amended to
2 read as follows:

3 This chapter does not apply to public corporations, commissions,
4 or authorities created under RCW 35.21.660 or 35.21.730 for amounts
5 (~~derived~~) received from sales of tangible personal property and
6 services to:

7 (1) A limited liability company in which the corporation,
8 commission, or authority is the managing member;

9 (2) A limited partnership in which the corporation, commission,
10 or authority is the general partner; or

11 (3) A single asset entity required under any federal, state, or
12 local governmental housing assistance program, which is controlled
13 directly or indirectly by the corporation, commission, or authority.

14 **Sec. 327.** RCW 82.04.767 and 2021 c 4 s 1 are each amended to
15 read as follows:

16 (1) This chapter does not apply to (~~any person with respect to~~)
17 amounts received from the value proceeding or accruing from a
18 qualifying grant received on or after February 29, 2020.

19 (2) For purposes of this section, "qualifying grant" means an
20 amount received, or relief from debt or other legal obligation
21 received, that:

22 (a) Is received under a government-funded program either directly
23 from a government entity, or through a nongovernmental third-party
24 entity authorized by a government entity to distribute the program
25 funds, or, in the case of relief from debt or other legal obligation,
26 is received from a private entity under circumstances where, in
27 exchange for providing the relief, the private entity receives some
28 form of direct financial benefit from a government entity;

29 (b) Is provided to address the impacts of conditions giving rise
30 to an official proclamation of a national emergency by the president
31 of the United States or an official proclamation of a state of
32 emergency by the governor of this state; and

33 (c) Is not an amount received:

34 (i) Under a contract, including a sole source contract, for the
35 acquisition of specific goods or services, or both, by purchase,
36 lease, or barter, that was solicited and established in accordance
37 with procurement laws or regulations; or

38 (ii) For manufacturing, extracting, or making sales of products,
39 when the amount received is determined based on the quantity of

1 products manufactured, extracted, or sold. (~~For purposes of this~~
2 ~~subsection (2)(c)(ii), "products" has the same meaning as in RCW~~
3 ~~82.32.023.~~)

4 (3) For purposes of a grant awarded to address the impacts of
5 conditions giving rise to a national emergency or state of emergency,
6 the exemption under this section applies only if the legislation
7 authorizing the grant or the associated legislative history, public
8 records created by the grantor, or the terms of the underlying grant
9 agreement between the grantor and grantee, clearly indicate that the
10 grant was established to address the impacts of conditions giving
11 rise to a national emergency or state of emergency.

12 (4) Businesses may include:

13 (a) As a cost input under section 204 of this act any expense
14 paid using qualifying grant proceeds to the extent the expense is
15 otherwise includable as a cost input under that section; and

16 (b) As compensation under section 205 of this act any amount paid
17 using qualifying grant proceeds to the extent the amount is otherwise
18 includable as compensation under that section

19 (5) For purposes of this section, "government" means any
20 national, tribal, state, or local government.

21 NEW SECTION. Sec. 328. A new section is added to chapter 82.08
22 RCW to read as follows:

23 CREDIT—RETAIL SALES TAX COLLECTED AND REMITTED BY RETAILERS. (1)
24 A taxpayer that both collects and timely remits to the department the
25 retail sales tax imposed under RCW 82.08.020(1) is allowed a credit
26 against those taxes. The amount of the credit earned for a tax
27 reporting period is equal to 0.2528 percent of the total amount of
28 retail sales tax imposed in RCW 82.08.020(1) and properly collected
29 and remitted by the taxpayer to the department by the due date of the
30 tax return for that tax reporting period or any extension of the due
31 date granted by the department. For purposes of this subsection (1),
32 a taxpayer that remits the tax imposed in RCW 82.08.020(1) after the
33 due date has remitted the tax by the due date if the department
34 waives or cancels the penalty associated with the delinquency as
35 authorized by chapter 82.32 RCW.

36 (2) The credit under this section may not exceed the taxes
37 otherwise due under RCW 82.08.020(1). Any unused credit may not be
38 carried forward or backward to a different tax reporting period.

1 **PART IV**
2 **SURCHARGES**

3 NEW SECTION. **Sec. 401.** A new section is added to chapter 82.04
4 RCW to read as follows:

5 SURCHARGES. (1) The surcharges imposed in RCW 82.04.261 through
6 82.04.299 are in addition to the margin tax imposed under section 202
7 of this act.

8 (2) Each person with a substantial nexus with this state under
9 RCW 82.04.067 and engaging within this state in any business activity
10 for which a surcharge is imposed under this chapter is subject to the
11 applicable surcharge or surcharges, regardless of whether the person
12 is subject to the margin tax imposed in section 202 of this act or is
13 part of a combined group subject to the margin tax imposed in section
14 202 of this act.

15 (3) Persons subject to the surcharges referenced in subsection
16 (1) of this section must file and pay the surcharges in a form and
17 manner prescribed by the department as provided in RCW 82.32.045.

18 **Sec. 402.** RCW 82.04.261 and 2021 c 145 s 8 are each amended to
19 read as follows:

20 (1) ~~((In addition to the taxes imposed under RCW 82.04.260(12),~~
21 ~~a)) A surcharge is imposed on those persons who are ((subject to any~~
22 ~~of the taxes imposed under RCW 82.04.260(12). Except as otherwise~~
23 ~~provided in this section, the surcharge is equal to)) engaged in the~~
24 business of:

25 (a) Operating as an extractor of timber;

26 (b) Extracting timber for hire;

27 (c) Operating as a manufacturer of: (i) Timber into timber
28 products or wood products; (ii) timber products into other timber
29 products or wood products; or (iii) products defined in RCW
30 19.27.570(1);

31 (d) Processing for hire: (i) Timber into timber products or wood
32 products; (ii) timber products into other timber products or wood
33 products; or (iii) products defined in RCW 19.27.570(1);

34 (e) Selling at wholesale: (i) Timber extracted by that person;
35 (ii) timber products manufactured by that person from timber or other
36 timber products; (iii) wood products manufactured by that person from
37 timber or timber products; or (iv) products defined in RCW
38 19.27.570(1) manufactured by that person; or

1 (f) Selling standing timber.

2 (2) The surcharge equals the person's taxable amount for all
3 activities described in subsection (1) of this section that the
4 person engages in, multiplied by the rate of 0.052 percent. ((The
5 surcharge is added to the rates provided in RCW 82.04.260(12) (a),
6 (b), (c), and (d).

7 ~~(2))~~ (3) All receipts from the surcharge imposed under this
8 section must be deposited into the forest and fish support account
9 created in RCW 76.09.405, with any receipts above eight million
10 dollars per biennium specifically used as additional funding for
11 tribal participation grants.

12 ~~((3))~~ (4)(a) The surcharge imposed under this section is
13 suspended if:

14 ~~(i) ((Before July 1, 2024, receipts from the surcharge total at~~
15 ~~least eight million five hundred thousand dollars during any fiscal~~
16 ~~biennium;~~

17 ~~(ii))~~ Between July 1, 2024, through June 30, 2029, receipts from
18 the surcharge total at least nine million dollars during any fiscal
19 biennium; and

20 ~~((iii))~~ (ii) After June 30, 2029, the receipts from the
21 surcharge total at least nine million five hundred thousand dollars
22 during any fiscal biennium.

23 (b) The suspension of the surcharge under this subsection ((3))
24 (4) takes effect on the first day of the calendar month that is at
25 least thirty days after the end of the month during which the
26 department determines that receipts from the surcharge total the
27 values specified in this subsection ((3)) (4) during the fiscal
28 biennium. The surcharge is imposed again at the beginning of the
29 following fiscal biennium.

30 ~~((4))~~ (5) For purposes of this section, the definitions in this
31 subsection apply:

32 (a) "Biocomposite surface products" means surface material
33 products containing, by weight or volume, more than 50 percent
34 recycled paper and that also use nonpetroleum-based phenolic resin as
35 a bonding agent.

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

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

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

13 (d) "Taxable amount" means:

14 (i) Gross income of the business, with regard to the business
15 activities described in subsection (1)(b), (d), and (f) of this
16 section;

17 (ii) Value of products, including byproducts, extracted or
18 manufactured, with regard to the business activities described in
19 subsection (1)(a) and (c) of this section; and

20 (iii) Gross proceeds of sales, with regard to the products
21 described in subsection (1)(e) of this section.

22 (e) "Timber" means forest trees, standing or down, on privately
23 or publicly owned land. "Timber" does not include Christmas trees
24 that are cultivated by agricultural methods or short-rotation
25 hardwoods as defined in RCW 84.33.035.

26 (f) "Timber products" means:

27 (i) Logs, wood chips, sawdust, wood waste, and similar products
28 obtained wholly from the processing of timber, short-rotation
29 hardwoods as defined in RCW 84.33.035, or both;

30 (ii) Pulp, including market pulp and pulp derived from recovered
31 paper or paper products; and

32 (iii) Recycled paper, but only when used in the manufacture of
33 biocomposite surface products.

34 (g) "Wood products" means paper and paper products; dimensional
35 lumber; engineered wood products such as particleboard, oriented
36 strand board, medium density fiberboard, and plywood; wood doors;
37 wood windows; and biocomposite surface products.

38 (6) This section expires July 1, 2045.

1 **Sec. 403.** RCW 82.04.285 and 2014 c 97 s 303 are each amended to
2 read as follows:

3 (1) ~~((Upon))~~ A surcharge is imposed upon every person engaging
4 within this state in the business of operating contests of chance ~~((
5 as to such persons, the amount of tax with respect to the business of
6 operating contests of chance))~~. The amount of the surcharge is equal
7 to the gross income of the business ~~((derived))~~ received from
8 operating contests of chance multiplied by the rate of ~~((1.5 percent.~~

9 ~~(2) An additional tax is imposed on those persons subject to tax
10 in subsection (1) of this section. The amount of the additional tax
11 with respect to the business of operating contests of chance is equal
12 to the gross income of the business derived from contests of chance
13 multiplied by the rate of 0.1 percent through June 30, 2006, and))~~
14 0.13 percent ~~((thereafter))~~. The money collected under this
15 ~~((subsection (2) shall))~~ section must be deposited in the problem
16 gambling account created in RCW ~~((43.20A.892))~~ 41.05.751. This
17 ~~((subsection))~~ section does not apply to businesses operating
18 contests of chance when the gross income from the operation of
19 contests of chance is less than fifty thousand dollars per year.

20 ~~((3))~~ (2)(a) For the purpose of this section, "contests of
21 chance" means any contests, games, gaming schemes, or gaming devices,
22 other than the state lottery as defined in RCW 67.70.010, in which
23 the outcome depends in a material degree upon an element of chance,
24 notwithstanding that skill of the contestants may also be a factor in
25 the outcome. The term includes social card games, bingo, raffle, and
26 punchboard games, and pull-tabs as defined in chapter 9.46 RCW.

27 (b) ~~((The term))~~ "Contests of chance" does not include: (i) Race
28 meet for the conduct of which a license must be secured from the
29 Washington horse racing commission, (ii) "amusement game" as defined
30 in RCW 9.46.0201, or (iii) any activity that is not subject to
31 regulation by the gambling commission.

32 ~~((4) "Gross income of the business" does not include the
33 monetary value or actual cost of any prizes that are awarded, amounts
34 paid to players for winning wagers, accrual of prizes for progressive
35 jackpot contests, or repayment of amounts used to seed guaranteed
36 progressive jackpot prizes.))~~

37 **Sec. 404.** RCW 82.04.286 and 2005 c 369 s 6 are each amended to
38 read as follows:

1 (1) (~~Upon~~) A surcharge is imposed upon every person engaging
2 within this state in the business of conducting race meets for the
3 conduct of which a license must be secured from the Washington horse
4 racing commission (~~(; as to such persons, the amount of tax with~~
5 ~~respect to the business of parimutuel wagering)~~). The surcharge is
6 equal to the gross income of the business (~~(derived)~~) received from
7 parimutuel wagering multiplied by the rate of (~~(0.1 percent through~~
8 ~~June 30, 2006, and)~~) 0.13 percent (~~(thereafter)~~). The money collected
9 under this section shall be deposited in the problem gambling account
10 created in RCW (~~(43.20A.892)~~) 41.05.751.

11 (2) (~~For purposes of this section, "gross income of the~~
12 ~~business" does not include amounts paid to players for winning~~
13 ~~wagers, or taxes imposed or other distributions required under~~
14 ~~chapter 67.16 RCW.~~

15 ~~(3)~~) The tax imposed under this section is in addition to any
16 tax imposed under chapter 67.16 RCW.

17 **Sec. 405.** RCW 82.04.29004 and 2019 c 420 s 2 are each amended to
18 read as follows:

19 (1) (~~(Beginning January 1, 2020, in)~~) In addition to any other
20 taxes imposed under this chapter, (~~(an additional tax)~~) a surcharge
21 is imposed on specified financial institutions. The (~~(additional~~
22 ~~tax)~~) surcharge is equal to the gross income of the business taxable
23 under RCW 82.04.290 (~~(+2)~~) multiplied by the rate of 1.2 percent.

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

26 (a) (~~("Affiliated" means a person that directly or indirectly,~~
27 ~~through one or more intermediaries, controls, is controlled by, or is~~
28 ~~under common control with another person. For purposes of this~~
29 ~~subsection (2) (a), "control" means the possession, directly or~~
30 ~~indirectly, of more than fifty percent of the power to direct or~~
31 ~~cause the direction of the management and policies of a person,~~
32 ~~whether through the ownership of voting shares, by contract, or~~
33 ~~otherwise.~~

34 ~~(b)~~) "Consolidated financial institution group" means all
35 financial institutions that are affiliated with each other.

36 (~~(+e)~~) (b) "Consolidated financial statement" means a
37 consolidated financial institution group's consolidated reports of
38 condition and income filed with the federal financial institutions
39 examination council, or successor agency.

1 ~~((d))~~ (c) "Financial institution" means any person that is:

2 (i) ~~((Any))~~ A corporation or other business entity chartered
3 under Titles 30A, 30B, 31, 32, and 33 RCW, or registered under the
4 federal bank holding company act of 1956, as amended, or registered
5 as a savings and loan holding company under the federal national
6 housing act, as amended;

7 (ii) A national bank organized and existing as a national bank
8 association pursuant to the provisions of the national bank act, 12
9 U.S.C. Sec. 21 et seq.;

10 (iii) A savings association or federal savings bank as defined in
11 the federal deposit insurance act, 12 U.S.C. Sec. 1813(b) (1);

12 (iv) ~~((Any))~~ A bank or thrift institution incorporated or
13 organized under the laws of any state;

14 (v) ~~((Any))~~ A corporation organized under the provisions of 12
15 U.S.C. Sec. 611 through 631;

16 (vi) ~~((Any))~~ An agency or branch of a foreign depository as
17 defined in 12 U.S.C. Sec. 3101 that is not ~~((exempt under RCW~~
18 ~~82.04.315))~~ an international banking facility. For purposes of this
19 subsection (2)(c)(vi), "international banking facility" means a
20 facility represented by a set of asset and liability accounts
21 segregated on the books and records of a commercial bank, the
22 principal office of which is located in this state, and which is
23 incorporated and doing business under the laws of the United States
24 or of this state, a United States branch or agency of a foreign bank,
25 an edge corporation organized under section 25(a) of the Federal
26 Reserve Act, 12 U.S.C. Sec. 611-631, or an agreement corporation
27 having an agreement or undertaking with the board of governors of the
28 federal reserve system under section 25 of the Federal Reserve Act,
29 12 U.S.C. 601-604a, that includes only international banking facility
30 time deposits (as defined in subsection (a)(2) of Section 204.8 of
31 Regulation D (12 C.F.R. Part 204), as promulgated by the board of
32 governors of the federal reserve system), and international banking
33 facility extensions of credit (as defined in subsection (a)(3) of
34 section 204.8 of Regulation D);

35 (vii) A production credit association organized under the federal
36 farm credit act of 1933, all of whose stock held by the federal
37 production credit corporation has been retired;

38 (viii) ~~((Any))~~ A corporation or other business entity who
39 receives gross income taxable under RCW 82.04.290, and whose voting
40 interests are more than fifty percent owned, directly or indirectly,

1 by any person or business entity described in (~~(d)~~) (c)(i) through
2 (vii) of this subsection other than an insurance company liable for
3 the insurance premiums tax under RCW 48.14.020 or any other company
4 taxable under chapter 48.14 RCW;

5 (ix)(A) A corporation or other business entity that receives more
6 than fifty percent of its total gross income for federal income tax
7 purposes from finance leases. For purposes of this subsection, a
8 "finance lease" means a lease that meets two requirements:

9 (I) It is the type of lease permitted to be made by national
10 banks (see 12 U.S.C. Sec. 24(7) and (10), comptroller of the currency
11 regulations, part 23, leasing (added by 56 C.F.R. Sec. 28314, June
12 20, 1991, effective July 22, 1991), and regulation Y of the federal
13 reserve system 12 C.F.R. Part 225.25, as amended); and

14 (II) It is the economic equivalent of an extension of credit,
15 i.e., the lease is treated by the lessor as a loan for federal income
16 tax purposes. In no event does a lease qualify as an extension of
17 credit where the lessor takes depreciation on such property for
18 federal income tax purposes.

19 (B) For this classification to apply, the average of the gross
20 income in the current tax year and immediately preceding two tax
21 years must satisfy the more than fifty percent requirement;

22 (x) Any other person or business entity, other than an insurance
23 general agent (~~(taxable)~~) licensed under chapter 48.17 RCW
24 (~~(82.04.280(1)(e))~~), an insurance business exempt from the (~~(business~~
25 ~~and occupation)~~) margin tax under RCW 82.04.320, a (~~(real-estate)~~)
26 broker (~~(taxable under RCW 82.04.255)~~) as defined in RCW 18.85.011, a
27 securities dealer or international investment management company
28 taxable under RCW 82.04.290(~~(2)~~), that receives more than fifty
29 percent of its gross receipts from activities that a person described
30 in (~~(d)~~) (c)(ii) through (vii) and (ix) of this subsection is
31 authorized to transact.

32 (~~(e)~~) (d)(i) "Specified financial institution" means a
33 financial institution that is a member of a consolidated financial
34 institution group that reported on its consolidated financial
35 statement for the previous calendar year annual net income of at
36 least one billion dollars, not including net income attributable to
37 noncontrolling interests, as the terms "net income" and
38 "noncontrolling interest" are used in the consolidated financial
39 statement.

1 (ii) If financial institutions are no longer required to file
2 consolidated financial statements, "specified financial institution"
3 means any person that was subject to the additional tax in this
4 section in at least two of the previous four calendar years.

5 (3) The department must notify the fiscal committees of the
6 legislature if financial institutions are no longer required to file
7 consolidated financial statements.

8 (4) To aid in the effective administration of the (~~additional~~
9 ~~tax~~) surcharge imposed in this section, the department may require a
10 person believed to be a specified financial institution to disclose
11 whether it is a member of a consolidated financial institution group
12 and, if so, to identify all other members of its consolidated
13 financial institution group. A person failing to comply with this
14 subsection is deemed to have intended to evade tax payable under this
15 section and is subject to the penalty in RCW 82.32.090(7) on any tax
16 due under this section by the person and any financial institution
17 affiliated with the person.

18 (5) Taxes collected under this section must be deposited into the
19 general fund.

20 **Sec. 406.** RCW 82.04.290 and 2020 c 2 s 3 are each amended to
21 read as follows:

22 (1) (~~Upon every person engaging within this state in the~~
23 ~~business of providing qualifying international investment management~~
24 ~~services, as to such persons, the amount of tax with respect to such~~
25 ~~business is equal to the gross income or gross proceeds of sales of~~
26 ~~the business multiplied by a rate of 0.275 percent.~~

27 ~~(2)(a) Upon~~) A surcharge is imposed upon every person engaging
28 within this state in any business activity other than ((~~or in~~
29 addition to an activity taxed explicitly under another section in
30 this chapter or subsection (1) or (3) of this section; as to such
31 persons the amount of tax on account of such activities)) those
32 persons and business activities specifically exempted under this
33 section from the surcharge. This surcharge is equal to the gross
34 income of the business multiplied by the rate of((~~+~~

35 ~~(i) 1.75 percent; or~~

36 ~~(ii) 1.5 percent for:~~

37 ~~(A))~~ 0.25 percent. Except as otherwise provided in this section,
38 this surcharge is in addition to all other taxes imposed in this
39 chapter.

1 (2) The surcharge imposed in this section does not apply to:
2 (a) Any person subject to the surcharge imposed under RCW
3 82.04.299;
4 ~~((B))~~ (v) Any person whose gross income of the business subject
5 to the ~~((tax))~~ surcharge imposed under ~~((this))~~ subsection ~~((2))~~
6 (1) of this section, for the immediately preceding calendar year, was
7 less than one million dollars, unless ~~((I))~~ (i) the person is
8 affiliated with one or more other persons, and ~~((II))~~ (ii) the
9 aggregate gross income of the business subject to the ~~((tax))~~
10 surcharge imposed under ~~((this))~~ subsection ~~((2))~~ (1) of this
11 section for all affiliated persons was greater than or equal to one
12 million dollars for the immediately preceding calendar year; ~~(and~~
13 ~~(C))~~ (c) Hospitals as defined in RCW 70.41.020, including any
14 hospital that comes within the scope of chapter 71.12 RCW if the
15 hospital is also licensed under chapter 70.41 RCW ~~((This subsection~~
16 ~~(2)(a)(ii)(C) must not be construed as modifying RCW 82.04.260(10))~~);
17 or
18 (d) Any business activity that, as of December 31, 2026, is not
19 taxed under the catchall service and other activities classification.
20 For purposes of this subsection (2)(d), "catchall service and other
21 activities classification" means the tax classification codified in
22 this section or successor statute that is applicable to all business
23 activities not otherwise taxed explicitly under another provision of
24 this chapter as of December 31, 2026.
25 ~~((b) This)) (3) The tax imposed in subsection ~~((2))~~ (1) of~~
26 this section includes, among others, and without limiting the scope
27 hereof (whether or not title to materials used in the performance of
28 such business passes to another by accession, confusion or other than
29 by outright sale), persons engaged in the business of rendering any
30 type of service which does not constitute a "sale at retail" or a
31 "sale at wholesale." The value of advertising, demonstration, and
32 promotional supplies and materials furnished to an agent by his or
33 her principal or supplier to be used for informational, educational,
34 and promotional purposes is not considered a part of the agent's
35 remuneration or commission and is not subject to taxation under this
36 section.
37 ~~((c) 14.3 percent)) (4) All of the revenues collected under~~
38 ~~((a)(i) of this)) subsection ~~((2))~~ (1) of this section must be~~
39 deposited into the workforce education investment account created in
40 RCW 43.79.195.

1 ~~((d)(i) To aid in the effective administration of this~~
2 ~~subsection (2), the department may require a person claiming to be~~
3 ~~subject to the 1.5 percent tax rate under (a)(ii)(B) of this~~
4 ~~subsection (2) to identify all of the person's affiliates, including~~
5 ~~their department tax registration number or unified business~~
6 ~~identifier number, as may be applicable, or to certify that the~~
7 ~~person is not affiliated with any other person. Requests under this~~
8 ~~subsection (2)(d)(i) must be in writing and may be made~~
9 ~~electronically.~~

10 ~~(ii) If the department establishes, by clear, cogent, and~~
11 ~~convincing evidence, that a person, with intent to evade the~~
12 ~~additional taxes due under the 1.75 percent tax rate in (a)(i) of~~
13 ~~this subsection (2), failed to provide the department with complete~~
14 ~~and accurate information in response to a written request under~~
15 ~~(d)(i) of this subsection (2) within thirty days of such request, the~~
16 ~~person is ineligible for the 1.5 percent tax rate in (a)(ii) of this~~
17 ~~subsection (2) for the entire current calendar year and the following~~
18 ~~four calendar years. However, the department must waive the~~
19 ~~provisions of this subsection (2)(d)(ii) for any tax reporting period~~
20 ~~that the person is otherwise eligible for the 1.5 percent tax rate in~~
21 ~~(a)(ii) of this subsection (2) if (A) the department has not~~
22 ~~previously determined that the person failed to fully comply with~~
23 ~~(d)(i) of this subsection (2), and (B) within thirty days of the~~
24 ~~notice of additional tax due as a result of the person's failure to~~
25 ~~fully comply with (d)(i) of this subsection (2) the department~~
26 ~~determines that the person has come into full compliance with (d)(i)~~
27 ~~of this subsection (2). This subsection (2)(d) applies only with~~
28 ~~respect to persons claiming entitlement to the 1.5 percent tax rate~~
29 ~~solely by reason of (a)(ii)(B) of this subsection (2).~~

30 ~~(e) For the purposes of (a)(ii)(B) of this subsection (2), if a~~
31 ~~taxpayer is subject to the reconciliation provisions of RCW~~
32 ~~82.04.462(4), and calculates gross income of the business subject to~~
33 ~~the tax imposed under this subsection (2) for the immediately~~
34 ~~preceding calendar year, or aggregate gross income of the business~~
35 ~~subject to the tax imposed under this subsection (2) for the~~
36 ~~immediately preceding calendar year for all affiliated persons, based~~
37 ~~on incomplete information, the taxpayer must correct the reporting~~
38 ~~for the current calendar year when complete information for the~~
39 ~~immediately preceding calendar year is available.~~

1 ~~(f) For purposes of this subsection (2), the definitions in this~~
2 ~~subsection (2) (f) apply:~~

3 ~~(i) "Affiliate" means a person that directly or indirectly,~~
4 ~~through one or more intermediaries, controls, is controlled by, or is~~
5 ~~under common control with another person; and~~

6 ~~(ii) "Control" means the possession, directly or indirectly, of~~
7 ~~more than eighty percent of the power to direct or cause the~~
8 ~~direction of the management and policies of a person, whether through~~
9 ~~the ownership of voting shares, by contract, or otherwise.~~

10 ~~(3) (a) Until July 1, 2040, upon every person engaging within this~~
11 ~~state in the business of performing aerospace product development for~~
12 ~~others, as to such persons, the amount of tax with respect to such~~
13 ~~business is equal to the gross income of the business multiplied by a~~
14 ~~rate of 0.9 percent.~~

15 ~~(b) A person reporting under the tax rate provided in this~~
16 ~~subsection (3) must file a complete annual report with the department~~
17 ~~under RCW 82.32.534.~~

18 ~~(c) "Aerospace product development" has the meaning as provided~~
19 ~~in RCW 82.04.4461.)~~

20 **Sec. 407.** RCW 82.04.299 and 2022 c 170 s 1 and 2022 c 56 s 4 are
21 each reenacted and amended to read as follows:

22 (1) (a) Beginning with business activities occurring on or after
23 April 1, 2020, in addition to the taxes imposed under RCW
24 82.04.290 ~~((+2))~~ and section 202 of this act, a workforce education
25 investment surcharge is imposed on select advanced computing
26 businesses. The surcharge is equal to the gross income of the
27 business subject to the tax under RCW 82.04.290 ~~((+2))~~, multiplied by
28 the rate of 1.22 percent.

29 (b) Except as provided in ~~((+e))~~ (d) of this subsection (1), in
30 no case will the combined surcharge imposed under this subsection (1)
31 paid by all members of an affiliated group be more than nine million
32 dollars annually.

33 ~~(c) ((For persons subject to the surcharge imposed under this~~
34 ~~subsection (1) that report under one or more tax classifications, the~~
35 ~~surcharge applies only to business activities taxed under RCW~~
36 ~~82.04.290(2)).~~

37 ~~(d))~~ The surcharge imposed under this subsection (1) must be
38 reported and paid on a quarterly basis in a manner as required by the
39 department. Returns and amounts payable under this subsection (1) are

1 due by the last day of the month immediately following the end of the
2 reporting period covered by the return. All other taxes must be
3 reported and paid as required under RCW 82.32.045.

4 ~~((e))~~ (d)(i) To aid in the effective administration of the
5 surcharge in this subsection (1), the department may require persons
6 believed to be engaging in advanced computing or affiliated with a
7 person believed to be engaging in advanced computing to disclose
8 whether they are a member of an affiliated group and, if so, to
9 identify all other members of the affiliated group subject to the
10 surcharge.

11 (ii) If the department establishes, by clear, cogent, and
12 convincing evidence, that one or more members of an affiliated group,
13 with intent to evade the surcharge under this subsection (1), failed
14 to fully comply with this subsection (1)~~((e))~~ (d), the department
15 must assess against that person, or those persons collectively, a
16 penalty equal to fifty percent of the amount of the total surcharge
17 payable by all members of that affiliated group for the calendar year
18 during which the person or persons failed to fully comply with this
19 subsection (1)~~((e))~~ (d). The penalty under this subsection (1)
20 ~~((e))~~ (d) is in lieu of and not in addition to the evasion penalty
21 under RCW 82.32.090(7).

22 ~~((f))~~ (e) For the purposes of this subsection (1) the following
23 definitions apply:

24 (i) "Advanced computing" means designing or developing computer
25 software or computer hardware, whether directly or contracting with
26 another person, including: Modifications to computer software or
27 computer hardware; cloud computing services; or operating as a
28 marketplace facilitator as defined by RCW 82.08.0531, an online
29 search engine, or online social networking platform;

30 ~~((ii) ("Affiliate" and "affiliated" means a person that directly
31 or indirectly, through one or more intermediaries, controls, is
32 controlled by, or is under common control with another person;~~

33 ~~((iii) "Affiliated group" means a group of two or more persons
34 that are affiliated with each other;~~

35 ~~((iv))~~ "Cloud computing services" means on-demand delivery of
36 computing resources, such as networks, servers, storage,
37 applications, and services, over the internet;

38 ~~((v) "Control" means the possession, directly or indirectly, of
39 more than fifty percent of the power to direct or cause the direction~~

1 ~~of the management and policies of a person, whether through the~~
2 ~~ownership of voting shares, by contract, or otherwise;)) and~~

3 ((~~(vi)~~)) (iii) "Select advanced computing business" means a
4 person who is a member of an affiliated group with at least one
5 member of the affiliated group engaging in the business of advanced
6 computing, and the affiliated group has worldwide gross revenue of
7 more than twenty-five billion dollars during the immediately
8 preceding calendar year. A person who is primarily engaged within
9 this state in the provision of commercial mobile service, as that
10 term is defined in 47 U.S.C. Sec. 332(d)(1), shall not be considered
11 a select advanced computing business. A person who is primarily
12 engaged in this state in the operation and provision of access to
13 transmission facilities and infrastructure that the person owns or
14 leases for the transmission of voice, data, text, sound, and video
15 using wired telecommunications networks shall not be considered a
16 select advanced computing business. A person that is primarily
17 engaged in business as a "financial institution" as defined in RCW
18 82.04.29004, as that section existed on January 1, 2020, shall not be
19 considered a select advanced computing business. For purposes of this
20 subsection (1)((~~(f)~~)(~~(vi)~~)) (e)(iii), "primarily" is determined based
21 on gross income of the business.

22 (2)(a) The workforce education investment surcharge under this
23 section does not apply to:

24 (i) Any hospital as defined in RCW 70.41.020, including any
25 hospital that comes within the scope of chapter 71.12 RCW if the
26 hospital is also licensed under chapter 70.41 RCW; or

27 (ii) A provider clinic offering primary care, multispecialty and
28 surgical services, including behavioral health services, and any
29 affiliate of the provider clinic if the affiliate is an organization
30 that offers health care services or provides administrative support
31 for a provider clinic, or is an independent practice association or
32 accountable care organization.

33 (b) The exemptions under this subsection (2) do not apply to
34 amounts received by any member of an affiliated group other than the
35 businesses described in (a) of this subsection.

36 (c) For purposes of the exemption in (a)(ii) of this subsection:

37 (i) "Health care services" means services offered by health care
38 providers relating to the prevention, cure, or treatment of illness,
39 injury, or disease.

1 (ii) "Primary care" means wellness and prevention services and
2 the diagnosis and treatment of health conditions.

3 (3) Revenues from the surcharge under this section must be
4 deposited directly into the workforce education investment account
5 established in RCW 43.79.195.

6 (4) The department has the authority to determine through an
7 audit or other investigation whether a person is subject to the
8 surcharge imposed in this section.

9 **PART V**

10 **REPORTING AND PAYMENT OF MARGIN TAX AND SURCHARGES—PENALTIES AND**
11 **INTEREST**

12 **Sec. 501.** RCW 82.04.510 and 1961 c 15 s 82.04.510 are each
13 amended to read as follows:

14 All of the provisions contained in chapter 82.32 RCW shall have
15 full force and application with respect to taxes imposed under the
16 provisions of this chapter. Taxpayers submitting ~~((monthly))~~
17 quarterly estimates of taxes due under ~~((this chapter shall be))~~
18 section 202 of this act are subject to the provisions of chapter
19 82.32 RCW ~~((if they fail to remit ninety percent of the taxes~~
20 ~~actually collected or due for the reporting period))~~ for any
21 estimated payment that is substantially underpaid as provided in RCW
22 82.32.090(2) or not paid by the date due.

23 **Sec. 502.** RCW 82.32.045 and 2022 c 295 s 2 are each amended to
24 read as follows:

25 (1) Except as otherwise provided in this ~~((chapter and subsection~~
26 ~~(6) of this section))~~ title, payments of the taxes imposed under
27 chapters 82.04, 82.08, 82.12, 82.14, and 82.16 RCW, along with
28 reports and returns on forms prescribed by the department, are due
29 monthly within twenty-five days after the end of the month in which
30 the taxable activities occur. For taxpayers subject to the taxes
31 imposed in section 202 of this act, reports and returns for those
32 taxes are due annually as provided in subsection (3) of this section.

33 (2) The department of revenue may relieve any taxpayer or class
34 of taxpayers from the obligation of remitting monthly and may require
35 the return to cover other longer reporting periods, but in no event
36 may returns be filed for a period greater than one year. Except as
37 provided in subsection (3) of this section, for these taxpayers, tax

1 payments are due on or before the last day of the month next
2 succeeding the end of the period covered by the return.

3 (3) (a) For annual filers, tax payments, along with reports and
4 returns on forms prescribed by the department, are due on or before
5 April 15th of the year immediately following the end of the period
6 covered by the return.

7 (b) For taxpayers subject to the margin tax under section 202 of
8 this act:

9 (i) Reports and returns on forms prescribed by the department are
10 due annually on or before April 15th of the year immediately
11 following the end of the tax year covered by the return.

12 (ii) Estimated margin tax payments must be made for a tax year by
13 taxpayers that owed \$20,000 or more in the immediately preceding tax
14 year or will owe \$20,000 or more in tax due under section 202 of this
15 act for that tax year.

16 (A) Estimated margin tax payments required in this subsection (3)
17 are due quarterly on or before the last day of the month immediately
18 following the end of the calendar quarter.

19 (B) For taxpayers that were engaged in business in this state
20 during the entire immediately preceding tax year and filed a tax
21 return for that tax year for taxes due under section 202 of this act,
22 each estimated margin tax payment equals 25 percent of the taxpayer's
23 total tax liability on that return. Upon a taxpayer's request, the
24 department may allow a taxpayer to calculate its own estimated
25 payment amount if the taxpayer certifies that it expects that its tax
26 due under section 202 of this act for the current tax year to be at
27 least 20 percent greater or less than its tax due under section 202
28 of this act for the previous tax year.

29 (C) For the first tax year of margin taxes due under section 202
30 of this act, or for taxpayers who were not engaged in business in
31 this state during the entire immediately preceding tax year or who
32 did not file a return for taxes due under section 202 of this act for
33 that tax year, estimated payments equal 25 percent of the estimated
34 tax liability under section 202 of this act for the current tax year
35 as determined by the taxpayer.

36 (D) At least 30 days before estimated payments are due, the
37 department must electronically notify registered taxpayers of their
38 responsibility for making an estimated payment, the due date of the
39 estimated payment, and, as applicable, the amount of estimated
40 payment due.

1 (E) A taxpayer that does not make an estimated payment under this
2 subsection (3)(b) by the date due or that substantially underpays
3 their estimated payment is subject to applicable penalties under RCW
4 82.32.090.

5 (F) Any additional taxes due under section 202 of this act must
6 be paid with the annual return due April 15th. If the tax due is
7 overpaid, the department must issue a refund in accordance with RCW
8 82.32.060.

9 (iii) This subsection (3)(b) does not apply to the surcharges in
10 RCW 82.04.261, 82.04.285, 82.04.286, 82.04.290, 82.04.29004, and
11 82.04.299. Returns and payments for these surcharges must be reported
12 and paid as otherwise provided in this section and, in the case of
13 the surcharge on select advanced computing businesses, RCW 82.04.299.

14 (4) The department of revenue may also require verified annual
15 returns from any taxpayer, setting forth such additional information
16 as it may deem necessary to correctly determine tax liability.

17 (5) Notwithstanding subsections (1) and (2) of this section, the
18 department may relieve any (~~person~~) taxpayer of the requirement to
19 file returns if the following conditions are met:

20 (a) The (~~person's~~) taxpayer's value of products, gross proceeds
21 of sales, or gross income of the business, from all business
22 activities taxable under chapter 82.04 RCW, is less than (~~(\$125,000)~~)
23 \$500,000 per year;

24 (b) The (~~person's~~) taxpayer's gross income of the business from
25 all activities taxable under chapter 82.16 RCW is less than twenty-
26 four thousand dollars per tax year; and

27 (c) The (~~person~~) taxpayer is not required to collect or pay to
28 the department of revenue any other tax or fee which the department
29 is authorized to collect.

30 (6)(a) Taxes imposed under chapter 82.08 or 82.12 RCW on taxable
31 events that occur beginning January 1, 2019, through June 30, 2019,
32 and payable by a consumer directly to the department are due, on
33 returns prescribed by the department, by July 25, 2019.

34 (b) This subsection (6) does not apply to the reporting and
35 payment of taxes imposed under chapters 82.08 and 82.12 RCW:

36 (i) On the retail sale or use of motor vehicles, vessels, or
37 aircraft; or

38 (ii) By consumers who are engaged in business, unless the
39 department has relieved the consumer of the requirement to file
40 returns pursuant to subsection (5) of this section.

1 **Sec. 503.** RCW 82.32.057 and 2022 c 282 s 1 are each amended to
2 read as follows:

3 (1) Except as otherwise provided in this chapter, interest
4 applies to taxes that are not paid by the original due date even
5 though the department has granted an extension as authorized under
6 this chapter. However, the department may not assess penalties for
7 late payment of any such tax that is paid in full by the extended due
8 date.

9 (2) For purposes of this section, "taxes" includes estimated
10 taxes due under RCW 82.32.045.

11 **Sec. 504.** RCW 82.32.090 and 2015 3rd sp.s. c 5 s 401 are each
12 amended to read as follows:

13 (1) If payment of any tax due on a return to be filed by a
14 taxpayer is not received by the department of revenue by the due
15 date, there is assessed a penalty of nine percent of the amount of
16 the tax; and if the tax is not received on or before the last day of
17 the month following the due date, there is assessed a total penalty
18 of nineteen percent of the amount of the tax under this subsection;
19 and if the tax is not received on or before the last day of the
20 second month following the due date, there is assessed a total
21 penalty of twenty-nine percent of the amount of the tax under this
22 subsection. No penalty so added may be less than five dollars.

23 (2) If the department of revenue determines that any tax or
24 estimated tax payment due under RCW 82.32.045 has been substantially
25 underpaid, there is assessed a penalty of five percent of the amount
26 of the tax determined by the department to be due. If payment of any
27 tax determined by the department to be due is not received by the
28 department by the due date specified in the notice, or any extension
29 thereof, including any estimated payment due under RCW 82.32.045 and
30 billed to the taxpayer by the department, there is assessed a total
31 penalty of fifteen percent of the amount of the tax under this
32 subsection; and if payment of any tax determined by the department to
33 be due is not received on or before the thirtieth day following the
34 due date specified in the notice of tax due, or any extension
35 thereof, including any estimated payment due under RCW 82.32.045 and
36 billed to the taxpayer by the department, there is assessed a total
37 penalty of twenty-five percent of the amount of the tax under this
38 subsection. No penalty so added may be less than five dollars. As
39 used in this section, "substantially underpaid" means that the

1 taxpayer has paid less than eighty percent of the amount of tax
2 determined by the department to be due for all of the types of taxes
3 included in, and for the entire period of time covered by, the
4 department's examination, and the amount of underpayment is at least
5 one thousand dollars. In the case of an estimated payment due under
6 RCW 82.32.045, "substantially underpaid" means that the taxpayer has
7 paid less than 90 percent of the amount of estimated payment billed
8 to the taxpayer, or when the taxpayer calculates the amount of its
9 estimated payments, the aggregate amount of estimated payments for
10 the tax year is less than 90 percent of the taxpayer's actual tax
11 liability under section 202 of this act for that tax year.

12 (3) If a warrant is issued by the department of revenue for the
13 collection of taxes, increases, and penalties, there is added thereto
14 a penalty of ten percent of the amount of the tax, but not less than
15 ten dollars.

16 (4) If the department finds that a ((~~person~~)) taxpayer has
17 engaged in any business or performed any act upon which a tax is
18 imposed under this title and that ((~~person~~)) taxpayer has not
19 obtained from the department a registration certificate as required
20 by RCW 82.32.030, the department must impose a penalty of five
21 percent of the amount of tax due from that ((~~person~~)) taxpayer for
22 the period that the ((~~person~~)) taxpayer was not registered as
23 required by RCW 82.32.030. The department may not impose the penalty
24 under this subsection (4) if a ((~~person~~)) taxpayer who has engaged in
25 business taxable under this title without first having registered as
26 required by RCW 82.32.030, prior to any notification by the
27 department of the need to register, obtains a registration
28 certificate from the department.

29 (5) If the department finds that a taxpayer has disregarded
30 specific written instructions as to reporting or tax liabilities, or
31 willfully disregarded the requirement to file returns or remit
32 payment electronically, as provided by RCW 82.32.080, the department
33 must add a penalty of ten percent of the amount of the tax that
34 should have been reported and/or paid electronically or the
35 additional tax found due if there is a deficiency because of the
36 failure to follow the instructions. A taxpayer disregards specific
37 written instructions when the department has informed the taxpayer in
38 writing of the taxpayer's tax obligations and the taxpayer fails to
39 act in accordance with those instructions unless, in the case of a
40 deficiency, the department has not issued final instructions because

1 the matter is under appeal pursuant to this chapter or departmental
2 regulations. The department may not assess the penalty under this
3 section upon any taxpayer who has made a good faith effort to comply
4 with the specific written instructions provided by the department to
5 that taxpayer. A taxpayer will be considered to have made a good
6 faith effort to comply with specific written instructions to file
7 returns and/or remit taxes electronically only if the taxpayer can
8 show good cause, as defined in RCW 82.32.080, for the failure to
9 comply with such instructions. A taxpayer will be considered to have
10 willfully disregarded the requirement to file returns or remit
11 payment electronically if the department has mailed or otherwise
12 delivered the specific written instructions to the taxpayer on at
13 least two occasions. Specific written instructions may be given as a
14 part of a tax assessment, audit, determination, closing agreement, or
15 other written communication, provided that such specific written
16 instructions apply only to the taxpayer addressed or referenced on
17 such communication. Any specific written instructions by the
18 department must be clearly identified as such and must inform the
19 taxpayer that failure to follow the instructions may subject the
20 taxpayer to the penalties imposed by this subsection. If the
21 department determines that it is necessary to provide specific
22 written instructions to a taxpayer that does not comply with the
23 requirement to file returns or remit payment electronically as
24 provided in RCW 82.32.080, the specific written instructions must
25 provide the taxpayer with a minimum of forty-five days to come into
26 compliance with its electronic filing and/or payment obligations
27 before the department may impose the penalty authorized in this
28 subsection.

29 (6) If the department finds that all or any part of a deficiency
30 resulted from engaging in a disregarded transaction, as described in
31 RCW 82.32.655(3), the department must assess a penalty of thirty-five
32 percent of the additional tax found to be due as a result of engaging
33 in a transaction disregarded by the department under RCW
34 82.32.655(2). The penalty provided in this subsection may be assessed
35 together with any other applicable penalties provided in this section
36 on the same tax found to be due, except for the evasion penalty
37 provided in subsection (7) of this section. The department may not
38 assess the penalty under this subsection if, before the department
39 discovers the taxpayer's use of a transaction described under RCW

1 82.32.655(3), the taxpayer discloses its participation in the
2 transaction to the department.

3 (7) If the department finds that all or any part of the
4 deficiency resulted from an intent to evade the tax payable
5 hereunder, a further penalty of fifty percent of the additional tax
6 found to be due must be added.

7 (8) The penalties imposed under subsections (1) through (4) of
8 this section can each be imposed on the same tax found to be due.
9 This subsection does not prohibit or restrict the application of
10 other penalties authorized by law.

11 (9) The department may not impose the evasion penalty in
12 combination with the penalty for disregarding specific written
13 instructions or the penalty provided in subsection (6) of this
14 section on the same tax found to be due.

15 (10) For the purposes of this section, "return" means any
16 document a ~~((person))~~ taxpayer is required by the state of Washington
17 to file, whether by paper or electronically, to satisfy or establish
18 a tax or fee obligation that is administered or collected by the
19 department, and that has a statutorily defined due date. "Return"
20 includes any form a taxpayer must file to report an estimated margin
21 tax payment as calculated by the taxpayer pursuant to RCW 82.32.045.

22 PART VI

23 CONFORMING AMENDMENTS

24 **Sec. 601.** RCW 9.41.100 and 1994 sp.s. c 7 s 415 are each amended
25 to read as follows:

26 Every dealer shall be licensed as provided in RCW 9.41.110 and
27 shall register with the department of revenue as provided in
28 chapter ~~((s 82.04 and))~~ 82.32 RCW.

29 **Sec. 602.** RCW 9.46.071 and 2019 c 213 s 1 are each amended to
30 read as follows:

31 (1)(a) The legislature recognizes that some individuals in this
32 state have a gambling problem or gambling disorder. Because the state
33 promotes and regulates gambling through the activities of the state
34 lottery commission, the Washington horse racing commission, and the
35 Washington state gambling commission, the state has the
36 responsibility to continue to provide resources for the support of
37 services for problem gambling and gambling disorders.

1 (b) The Washington state gambling commission, the Washington
2 horse racing commission, and the state lottery commission shall
3 jointly develop problem gambling and gambling disorder informational
4 signs which include a toll-free hotline number for individuals with a
5 gambling problem or gambling disorder. The signs shall be placed in
6 the establishments of gambling licensees, horse racing licensees, and
7 lottery retailers.

8 (c) The Washington state gambling commission, the Washington
9 horse racing commission, and the state lottery commission may also
10 contract with other qualified entities to provide public awareness,
11 training, and other services to ensure the intent of this section is
12 fulfilled.

13 (d) Individuals and families impacted by a gambling problem or
14 gambling disorder will benefit from the availability of a uniform
15 self-exclusion program where people may voluntarily exclude
16 themselves from gambling at multiple gambling establishments by
17 submitting one self-exclusion form to the state from one location for
18 all gambling activities. Therefore, the Washington state gambling
19 commission must establish a statewide self-exclusion program for all
20 licensees. The commission has discretion in establishing the scope,
21 process, and requirements of the self-exclusion program, including
22 denying, suspending, or revoking an application, license, or permit.
23 However, the initial program must comply with the following minimum
24 requirements:

25 (i) The program must allow persons to voluntarily exclude
26 themselves from gambling at authorized gambling establishments that
27 offer house-banked social card games;

28 (ii) The program must have a process for federally recognized
29 Indian tribes or tribal enterprises that own gambling operations or
30 facilities with class III gaming compacts to voluntarily participate
31 in the self-exclusion program;

32 (iii) Any individual registered with the self-exclusion program
33 created under this section is prohibited from participating in
34 gambling activities associated with this program and forfeits all
35 moneys and things of value obtained by the individual or owed to the
36 individual by an authorized gambling establishment as a result of
37 prohibited wagers or gambling activities. The commission may adopt
38 rules for the forfeiture of any moneys or things of value, including
39 wagers, obtained by an authorized gambling establishment while an

1 individual is registered with the self-exclusion program created
2 under this section.

3 Moneys and things of value forfeited under the self-exclusion
4 program must be distributed to the problem gambling account created
5 in RCW 41.05.751 and/or a charitable or nonprofit organization that
6 provides problem gambling services or increases awareness about
7 problem gambling pursuant to rules adopted by the commission; and

8 (iv) The commission must adopt rules establishing the self-
9 exclusion program by June 30, 2021.

10 (e) An individual who participates in the self-exclusion program
11 does not have a cause of action against the state of Washington, the
12 commission, or any gambling establishment, its employees, or officers
13 for any acts or omissions in processing or enforcing the requirements
14 of the self-exclusion program, including a failure to prevent an
15 individual from gambling at an authorized gambling establishment.

16 (f) Any personal information collected, stored, or accessed under
17 the self-exclusion program may only be used for the administration of
18 the self-exclusion program and may not be disseminated for any
19 purpose other than the administration of the self-exclusion program.

20 (2)(a) During any period in which RCW 82.04.285(~~((2))~~) is in
21 effect, the commission may not increase fees payable by licensees
22 under its jurisdiction for the purpose of funding services for
23 problem gambling and gambling disorder. Any fee imposed or increased
24 by the commission, for the purpose of funding these services, before
25 July 1, 2005, has no force and effect after July 1, 2005.

26 (b) During any period in which RCW 82.04.285(~~((2))~~) is not in
27 effect:

28 (i) The commission, the Washington state horse racing commission,
29 and the state lottery commission may contract for services, in
30 addition to those authorized in subsection (1) of this section, to
31 assist in providing for problem gambling and gambling disorder
32 treatment; and

33 (ii) The commission may increase fees payable by licensees under
34 its jurisdiction for the purpose of funding the problem gambling and
35 gambling disorder services authorized in this section.

36 **Sec. 603.** RCW 9.91.180 and 2003 c 365 s 2 are each amended to
37 read as follows:

38 (1) A person who sells, rents, or permits to be sold or rented,
39 any video or computer game they know to be a violent video or

1 computer game to any minor has committed a class 1 civil infraction
2 as provided in RCW 7.80.120.

3 (2) "Minor" means a person under seventeen years of age.

4 (3) "Person" means a retailer engaged in the business of selling
5 or renting video or computer games including any individual,
6 partnership, corporation, or association who is (~~subject to the tax~~
7 ~~on retailers under RCW 82.04.250~~) required to collect retail sales
8 tax under chapter 82.08 RCW.

9 (4) "Violent video or computer game" means a video or computer
10 game that contains realistic or photographic-like depictions of
11 aggressive conflict in which the player kills, injures, or otherwise
12 causes physical harm to a human form in the game who is depicted, by
13 dress or other recognizable symbols, as a public law enforcement
14 officer.

15 **Sec. 604.** RCW 28C.18.200 and 2020 c 2 s 1 are each amended to
16 read as follows:

17 (1) The workforce education investment accountability and
18 oversight board is established. The board consists of seventeen
19 members, as provided in this subsection:

20 (a) Four members of the legislature consisting of the chairs and
21 ranking minority members of the respective higher education and
22 workforce development committees of the senate and house of
23 representatives, ex officio; and

24 (b) The following members appointed by the governor with the
25 consent of the senate:

26 (i) Five members representing the businesses described in RCW
27 82.04.299 or subject to the (~~tax rate~~) surcharge under RCW
28 82.04.290 (~~(2)(a)(i)~~);

29 (ii) Two members representing labor organizations, one of which
30 must have expertise in registered apprenticeships and training a
31 high-demand workforce and one of which must represent faculty at the
32 four-year institutions of higher education;

33 (iii) Two members representing the institutions of higher
34 education, as defined in RCW 28B.10.016, one of which must be from
35 the four-year sector and one of which must be from the community and
36 technical college sector;

37 (iv) Two members representing students, one of which must be a
38 community and technical college student;

1 (v) One member representing the independent, not-for-profit
2 higher education institutions; and

3 (vi) One member representing the student achievement council,
4 established under chapter 28B.77 RCW.

5 (2) Except for ex officio and student members, board members
6 shall hold their offices for a term of three years until their
7 successors are appointed. Student board members shall hold one-year
8 terms.

9 (3) The board shall have two cochair. One cochair shall be one
10 of the chairs of the respective higher education and workforce
11 development committees of the legislature and the other cochair shall
12 be one of the board members representing the businesses described in
13 RCW 82.04.299 or subject to the (~~tax rate~~) surcharge under RCW
14 82.04.290(~~(2)(a)(i)~~). The cochair shall hold the position for a
15 one-year term. The board members shall elect the cochair annually.

16 (4) Nine voting members of the board constitute a quorum for the
17 transaction of business. The board shall meet four times a year.

18 (5) Staff support for the board shall be provided by the
19 workforce training and education coordinating board established in
20 this chapter.

21 (6) The purposes of the board are to:

22 (a) Provide guidance and recommendations to the legislature on
23 what workforce education priorities should be funded with the
24 workforce education investment account; and

25 (b) Ensure accountability that the workforce education
26 investments funded with the workforce education investment account
27 are producing the intended results and are effectively increasing
28 student success and career readiness, such as by increasing
29 retention, completion, and job placement rates.

30 (7) The board shall consult data from the education data center
31 established under RCW 43.41.400 and the workforce training and
32 education coordinating board established under this chapter when
33 reviewing and determining whether workforce education investments
34 funded from the workforce education investment account are
35 effectively increasing student success and career readiness.

36 (8) The board shall report its recommendations to the appropriate
37 committees of the legislature by August 1st of each year.

38 (9) For the purposes of this section, "board" means the workforce
39 education investment accountability and oversight board established
40 in this section.

1 **Sec. 605.** RCW 35.87A.010 and 2021 c 225 s 1 are each amended to
2 read as follows:

3 To aid general economic development and neighborhood
4 revitalization, and to facilitate the cooperation of merchants,
5 businesses, and residential property owners which assists trade,
6 economic viability, and liveability, the legislature hereby
7 authorizes all counties and all incorporated cities and towns,
8 including unclassified cities and towns operating under special
9 charters:

10 (1) To establish, after a petition submitted by the operators
11 responsible for sixty percent of the assessments by businesses and
12 multifamily residential or mixed-use projects within the area,
13 parking and business improvement areas, hereafter referred to as area
14 or areas, for the following purposes:

15 (a) The acquisition, construction or maintenance of parking
16 facilities for the benefit of the area;

17 (b) Decoration of any public place in the area;

18 (c) Sponsorship or promotion of public events which are to take
19 place on or in public places in the area;

20 (d) Furnishing of music in any public place in the area;

21 (e) Providing professional management, planning, and promotion
22 for the area, including the management and promotion of retail trade
23 activities in the area;

24 (f) Providing maintenance and security for common, public areas;
25 or

26 (g) Providing transportation services for the benefit of the
27 area.

28 (2)(a) To levy special assessments on all businesses and
29 multifamily residential or mixed-use projects within the area and
30 specially benefited by a parking and business improvement area to pay
31 in whole or in part the damages or costs incurred therein as provided
32 in this chapter.

33 (b) A lodging business may, but is not required to, collect any
34 special assessment amount from its guests in the form of a separately
35 stated charge per night on the sale of lodging taxable by the state
36 under chapter 82.08 RCW. Such charges must be separately stated from
37 the room rate on the invoice, bill of sale, or similar document
38 provided by the lodging business to the guest. A lodging business
39 that collects a special assessment from its guests as authorized
40 under this subsection (2)(b) is deemed to be collecting the

1 assessment amount from its guests as agent for the jurisdiction
2 levying the special assessment. Such per night charges are not part
3 of the selling price under RCW 82.08.010 for state and local sales
4 tax purposes, nor are they part of the gross proceeds of sales of the
5 lodging business for purposes of ~~((state business and occupation))~~
6 the margin tax(~~(es)~~) imposed under chapter 82.04 RCW.

7 **Sec. 606.** RCW 35.102.160 and 2006 c 301 s 6 are each amended to
8 read as follows:

9 (1) A city that imposes its business and occupation tax on
10 professional employer services performed by a professional employer
11 organization, regardless of the tax classification applicable to such
12 services, ~~((shall))~~ must provide a deduction ~~((identical to the~~
13 ~~deduction in RCW 82.04.540(2))~~ from the gross income of the business
14 derived from performing professional employer services that is equal
15 to the portion of the fee charged to a client that represents the
16 actual cost of wages and salaries, benefits, workers' compensation,
17 payroll taxes, withholding, or other assessments paid to or on behalf
18 of a covered employee by the professional employer organization under
19 a professional employer agreement.

20 (2) For the purposes of this section, ~~(("professional employer~~
21 ~~organization" and "professional employer services" have the same~~
22 ~~meanings as))~~ the definitions in RCW 82.04.540 apply.

23 **Sec. 607.** RCW 43.06.400 and 2013 c 225 s 605 are each amended to
24 read as follows:

25 (1) Beginning in January 1984, and in January of every fourth
26 year thereafter, the department of revenue must submit to the
27 legislature prior to the regular session a listing of the amount of
28 reduction for the current and next biennium in the revenues of the
29 state or the revenues of local government collected by the state as a
30 result of tax exemptions. The listing must include an estimate of the
31 revenue lost from the tax exemption, the purpose of the tax
32 exemption, the persons, organizations, or parts of the population
33 which benefit from the tax exemption, and whether or not the tax
34 exemption conflicts with another state program. The listing must
35 include but not be limited to the following revenue sources:

36 (a) Real and personal property tax exemptions under Title 84 RCW;

37 (b) Business and occupation tax exemptions, deductions, and
38 credits under chapter 82.04 RCW;

- 1 (c) Retail sales and use tax exemptions under chapters 82.08,
2 82.12, and 82.14 RCW;
- 3 (d) Public utility tax exemptions and deductions under chapter
4 82.16 RCW;
- 5 (e) Food fish and shellfish tax exemptions under chapter 82.27
6 RCW;
- 7 (f) Leasehold excise tax exemptions under chapter 82.29A RCW;
- 8 (g) Motor vehicle and special fuel tax exemptions and refunds
9 under chapter 82.38 RCW;
- 10 (h) Aircraft fuel tax exemptions under chapter 82.42 RCW;
- 11 (i) Motor vehicle excise tax exclusions under chapter 82.44 RCW;
12 ((and))
- 13 (j) Insurance premiums tax exemptions under chapter 48.14 RCW;
14 and
- 15 (k) Margin tax exemptions, deductions, credits, and exclusions
16 under chapter 82.04 RCW.
- 17 (2) The department of revenue must prepare the listing required
18 by this section with the assistance of any other agencies or
19 departments as may be required.
- 20 (3) The department of revenue must present the listing to the
21 ways and means committees of each house in public hearings.
- 22 (4) Beginning in January 1984, and every four years thereafter
23 the governor is requested to review the report from the department of
24 revenue and may submit recommendations to the legislature with
25 respect to the repeal or modification of any tax exemption. The ways
26 and means committees of each house and the appropriate standing
27 committee of each house must hold public hearings and take
28 appropriate action on the recommendations submitted by the governor.
- 29 (5) As used in this section, "tax exemption" means an exemption,
30 exclusion, or deduction from the base of a tax; a credit against a
31 tax; a deferral of a tax; or a preferential tax rate.
- 32 (6) For purposes of the listing due in January 2012, the
33 department of revenue does not have to prepare or update the listing
34 with respect to any tax exemption that would not be likely to
35 increase state revenue if the exemption was repealed or otherwise
36 eliminated.

37 **Sec. 608.** RCW 43.79.195 and 2021 c 334 s 971 and 2021 c 170 s 6
38 are each reenacted and amended to read as follows:

1 (1) The workforce education investment account is created in the
2 state treasury. All revenues from the workforce investment surcharge
3 created in RCW 82.04.299 and those revenues as specified under RCW
4 82.04.290(~~(+2)(e)~~) must be deposited directly into the account.
5 Moneys in the account may be spent only after appropriation.
6 Expenditures from the account may be used only for higher education
7 programs, higher education operations, higher education compensation,
8 state-funded student aid programs, and workforce development
9 including career connected learning as defined by RCW 28C.30.020. For
10 the 2021-2023 fiscal biennium, expenditures from the account may be
11 used for kindergarten through twelfth grade if used for career
12 connected learning as provided for in chapter 406, Laws of 2019.

13 (2) Expenditures from the workforce education investment account
14 must be used to supplement, not supplant, other federal, state, and
15 local funding for higher education.

16 **Sec. 609.** RCW 43.365.020 and 2022 c 270 s 4 are each amended to
17 read as follows:

18 (1) The department must adopt criteria for the approved motion
19 picture competitiveness program with the sole purpose of revitalizing
20 the state's economic, cultural, and educational standing in the
21 national and international market of motion picture production. Rules
22 adopted by the department shall allow the program, within the
23 established criteria, to provide funding assistance only when it
24 captures economic opportunities for Washington's communities and
25 businesses and shall only be provided under a contractual arrangement
26 with a private entity. In establishing the criteria, the department
27 shall consider:

28 (a) The additional income and tax revenue to be retained in the
29 state for general purposes;

30 (b) The creation and retention of family-wage jobs which provide
31 health insurance and payments into a retirement plan;

32 (c) The impact of motion picture projects to maximize in-state
33 labor and the use of in-state film production and film postproduction
34 companies;

35 (d) The impact upon the local economies and the state economy as
36 a whole, including multiplier effects;

37 (e) The intangible impact on the state and local communities that
38 comes with motion picture projects;

1 (f) The regional, national, and international competitiveness of
2 the motion picture filming industry;

3 (g) The revitalization of the state as a premier venue for motion
4 picture production and national television commercial campaigns;

5 (h) Partnerships with the private sector to bolster film
6 production in the state and serve as an educational and cultural
7 purpose for its citizens;

8 (i) The vitality of the state's motion picture industry as a
9 necessary and critical factor in promoting the state as a premier
10 tourist and cultural destination;

11 (j) Giving preference to additional seasons of television series
12 that have previously qualified and to motion picture productions that
13 tell stories of marginalized communities; and

14 (k) Other factors the department may deem appropriate for the
15 implementation of this chapter.

16 (2) The board of directors shall create and administer an account
17 for carrying out the purposes of subsection (4) of this section.

18 (3) The board's goal must be to commit at least 20 percent of
19 funding assistance to motion picture productions located or filmed in
20 rural communities and 20 percent of funding assistance to motion
21 picture productions that tell stories of marginalized communities.

22 (4) Money received by the approved motion picture competitiveness
23 program shall be used only for:

24 (a) Health insurance and payments into a retirement plan, and
25 other costs associated with film production;

26 (b) Staff and related expenses to maintain the program's proper
27 administration and operation;

28 (c) Supporting the growth and development of the Washington state
29 film industry through career connected learning, workforce
30 development, and business development with a focus on better
31 supporting people from marginalized or rural communities; and

32 (d) Developing resources to facilitate filming in rural
33 communities including, but not limited to, economic development
34 grants for filming, training for film liaisons, information about
35 film permitting processes, and grants to support the expansion of
36 location database collateral.

37 (5) Except as provided otherwise in subsections (8) and (9) of
38 this section, maximum funding assistance from the approved motion
39 picture competitiveness program is limited to an amount up to thirty
40 percent of the total actual investment in the state of at least:

1 (a) Five hundred thousand dollars for a single motion picture
2 produced in Washington state; or

3 (b) One hundred fifty thousand dollars for a television
4 commercial associated with a national or regional advertisement
5 campaign produced in Washington state.

6 (6) Except as provided otherwise in subsections (8) and (9) of
7 this section, maximum funding assistance from the approved motion
8 picture competitiveness program is limited to an amount up to thirty-
9 five percent of the total actual investment of at least three hundred
10 thousand dollars per episode produced in Washington state. A minimum
11 of six episodes of a series must be produced to qualify under this
12 subsection. A maximum of up to thirty percent of the total actual
13 investment from the approved motion picture competitiveness program
14 may be awarded to an episodic series of less than six episodes.

15 (7) With respect to costs associated with nonstate labor for
16 motion pictures and episodic services, funding assistance from the
17 approved motion picture competitiveness program is limited to an
18 amount up to fifteen percent of the total actual investment used for
19 costs associated with nonstate labor. To qualify under this
20 subsection, the production must have a labor force of at least
21 eighty-five percent of Washington residents. The board may establish
22 additional criteria to maximize the use of in-state labor.

23 (8) (a) The approved motion picture competitiveness program may
24 allocate an annual aggregate of no more than ten percent of the
25 qualifying contributions by the program (~~((under RCW 82.04.4489))~~) to
26 provide funding support for filmmakers who are Washington residents,
27 new forms of production, and emerging technologies.

28 (i) Up to thirty percent of the actual investment for a motion
29 picture with an actual investment lower than that of motion pictures
30 under subsection (5) (a) of this section; or

31 (ii) Up to thirty percent of the actual investment of an
32 interactive motion picture intended for multiplatform exhibition and
33 distribution.

34 (b) Subsections (5) and (6) of this section do not apply to this
35 subsection.

36 (9) (a) In addition to the maximum funding assistance established
37 in subsections (5) and (6) of this section, up to a 10 percent
38 enhancement award on a motion picture production's state investment
39 must be given for motion pictures: (i) Located or filmed in a rural
40 community; or (ii) that tell stories of marginalized communities.

1 (b) Total actual investment requirements established in
2 subsections (5) and (6) of this section apply to this subsection (9).

3 (10)(a) Funding assistance must include up to \$3,000,000 for
4 small motion picture productions produced in Washington state,
5 subject to subsection (11) of this section, that are creatively
6 driven by Washington residents. To qualify, the small motion picture
7 production must have at least two Washington residents in any
8 combination of the following positions: Writer, director, producer,
9 or lead actor. An entity seeking funding assistance for a small
10 motion picture production must demonstrate that the amount of the
11 total actual investment for the production is less than \$1,000,000.

12 (b) Maximum funding assistance and total actual investment
13 requirements, established in subsections (5), (6), (7), (8), and (9)
14 of this section apply to small motion picture productions. The
15 department shall adopt rules as necessary to implement this
16 subsection (10).

17 (11) Funding assistance approval must be determined by the
18 approved motion picture competitiveness program within a maximum of
19 thirty calendar days from when the application is received, if the
20 application is submitted after August 15, 2006. For small motion
21 picture productions, the approved motion picture competitiveness
22 program, after determining a conditional approval of the production,
23 shall hold the production's funding assistance in reserve while the
24 entity seeking funding assistance for the production secures
25 financing for the remainder of the budget. Once the entity seeking
26 funding assistance for the production demonstrates to the program
27 that it has secured the necessary financing, the program shall
28 certify the small motion picture production as approved. If the
29 entity seeking funding assistance cannot demonstrate within six
30 months from the date of conditional approval that it has secured the
31 total budget, the program must make the funding assistance available
32 to other eligible applicants with funding assistance approval.

33 (12) By December 31, 2022, and annually thereafter, the
34 department, on behalf of the board, must report to the legislature on
35 the approved motion picture competitiveness program. This report may
36 include information required in the survey established in RCW
37 43.365.040. At a minimum, the report must include an annual list of
38 recipients awarded financial assistance from the prior year with
39 total estimated production costs, locations of each production, and
40 the board's progress towards the goal of at least 20 percent of its

1 funding assistance provided to motion picture productions located or
2 filmed in rural communities and 20 percent of its funding assistance
3 provided to motion picture productions that tell stories of
4 marginalized communities. The report must also include information on
5 workforce development, career connected learning, and business
6 development activities, including whether they have been scaled up in
7 size from the previous year and how they are meeting the goal of
8 supporting people from marginalized communities.

9 (13) The approved motion picture competitiveness program must
10 allocate funds for training and job placement for marginalized
11 communities as follows:

12 (a) For fiscal years 2023 and 2024, a minimum of \$500,000 for
13 each fiscal year; and

14 (b) For each fiscal year on or after July 1, 2024, a minimum of
15 \$750,000.

16 **Sec. 610.** RCW 48.14.080 and 2010 1st sp.s. c 23 s 520 are each
17 amended to read as follows:

18 (1) As to insurers, other than title insurers and taxpayers under
19 RCW 48.14.0201, the taxes imposed by this title are in lieu of all
20 other taxes, except as otherwise provided in this section.

21 (2) Subsection (1) of this section does not apply with respect
22 to:

23 (a) Taxes on real and tangible personal property;

24 (b) Excise taxes on the sale, purchase, use, or possession of (i)
25 real property; (ii) tangible personal property; (iii) extended
26 warranties; (iv) services, including digital automated services as
27 defined in RCW 82.04.192; and (v) digital goods and digital codes as
28 those terms are defined in RCW 82.04.192; and

29 (c) The tax imposed in (~~RCW 82.04.260(9), regarding~~) section
30 202 of this act as applied to public and nonprofit hospitals.

31 (3) For the purposes of this section, the term "taxes" includes
32 taxes imposed by the state or any county, city, town, municipal
33 corporation, quasi-municipal corporation, or other political
34 subdivision.

35 **Sec. 611.** RCW 48.62.151 and 2009 c 162 s 30 are each amended to
36 read as follows:

37 A joint self-insurance program approved in accordance with this
38 chapter is exempt from insurance premium taxes, from fees assessed

1 under chapter 48.02 RCW, from chapters 48.32 and 48.32A RCW, from
2 (~~business and occupations~~) taxes imposed under chapter 82.04 RCW,
3 and from any assigned risk plan or joint underwriting association
4 otherwise required by law. This section does not apply to and no
5 exemption is provided for insurance companies issuing policies to
6 cover program risks, nor does it apply to or provide an exemption for
7 third-party administrators, surplus line brokers, or insurance
8 producers serving the self-insurance program.

9 **Sec. 612.** RCW 48.64.110 and 2009 c 314 s 12 are each amended to
10 read as follows:

11 A joint self-insurance program approved in accordance with this
12 chapter is exempt from insurance premium taxes, fees assessed under
13 chapter 48.02 RCW, chapters 48.32 and 48.32A RCW, (~~business and~~
14 ~~occupation~~) taxes imposed under chapter 82.04 RCW, and any assigned
15 risk plan or joint underwriting association otherwise required by
16 law. This section does not apply to, and no exemption is provided
17 for, insurance companies issuing policies to cover program risks, and
18 does not apply to or provide an exemption for third-party
19 administrators or insurance producers serving the joint self-
20 insurance program.

21 **Sec. 613.** RCW 48.180.055 and 2015 c 109 s 15 are each amended to
22 read as follows:

23 A joint self-insurance program approved in accordance with this
24 chapter is exempt from insurance premium taxes, fees assessed under
25 chapters 48.02, 48.32, and 48.32A RCW, (~~business and occupation~~)
26 taxes imposed under chapter 82.04 RCW, and any assigned risk plan or
27 joint underwriting association otherwise required by law. This
28 section does not apply to or provide exemptions for insurance
29 companies issuing policies to cover program risks and third-party
30 administrators or insurance producers serving the joint self-
31 insurance program.

32 **Sec. 614.** RCW 48.190.100 and 2017 c 221 s 11 are each amended to
33 read as follows:

34 A joint self-insurance program approved in accordance with this
35 chapter is exempt from insurance premium taxes, fees assessed under
36 chapter 48.02 RCW, chapters 48.32 and 48.32A RCW, (~~business and~~
37 ~~occupation~~) taxes imposed under chapter 82.04 RCW, and any assigned

1 risk plan or joint underwriting association otherwise required by
2 law. This section does not apply to, and no exemption is provided
3 for, insurance companies issuing policies to cover program risks, and
4 does not apply to or provide an exemption for third-party
5 administrators or insurance producers serving the joint self-
6 insurance program.

7 **Sec. 615.** RCW 49.04.220 and 2020 c 165 s 4 are each amended to
8 read as follows:

9 (1) A significant commercial airplane manufacturer (~~((receiving~~
10 ~~the rate of 0.357 percent under RCW 82.04.260(11)(e))~~) is subject to
11 an aerospace apprenticeship utilization rate of one and five-tenths
12 percent of its qualified apprenticeable workforce in Washington by
13 July 1, 2026, or five years after the effective date of the 0.357
14 percent rate authorized under RCW 82.04.260(11)(e) or the date that
15 the 0.357 percent rate authorized under RCW 82.04.260(11)(e) would
16 have taken effect pursuant to RCW 82.04.260 and 82.04.2602 as those
17 statutes existed on December 31, 2026, whichever is later, as
18 determined by the department of labor and industries.

19 (2) The aerospace industry in Washington, excluding a significant
20 commercial airplane manufacturer, is subject to an aerospace
21 apprenticeship utilization rate of one and five-tenths percent of its
22 qualified apprenticeable workforce in Washington by July 1, 2026, or
23 five years after the effective date of the 0.357 percent rate
24 authorized under RCW 82.04.260(11)(e) or the date that the 0.357
25 percent rate authorized under RCW 82.04.260(11)(e) would have taken
26 effect pursuant to RCW 82.04.260 and 82.04.2602 as those statutes
27 existed on December 31, 2026, whichever is later, as determined by
28 the department of labor and industries.

29 (3) Aerospace employers must report relevant occupation data
30 related to the qualified apprenticeable workforce to the department
31 of labor and industries.

32 (4) The department of labor and industries shall report the
33 aerospace apprenticeship utilization rate to (~~the department [of~~
34 ~~revenue] and~~) the appropriate committees of the legislature annually
35 beginning October 1, 2024.

36 (5) The department of labor and industries shall determine
37 aerospace apprenticeship utilization rates under this section based
38 on the framework developed under RCW 49.04.210 and using occupational
39 data reported to the department of labor and industries and/or the

1 employment security department. For data reported to the department
2 of labor and industries, the department of labor and industries shall
3 determine the form and manner in which occupational data is reported,
4 consistent with the framework developed under RCW 49.04.210, and may
5 adopt rules to ensure full participation within the industry
6 necessary to implement the requirements of this section. The
7 department of labor and industries, consulting with the department of
8 revenue, may also require additional information on the annual tax
9 performance report under RCW 82.32.534. The department of labor and
10 industries may adopt rules to ensure full participation within the
11 industry and necessary to implement the requirements of this section.

12 (6) For the purposes of this section, the following definitions
13 apply.

14 (a) "Aerospace employer" means any person that qualifies for the
15 rate under RCW 82.04.260(11)(e) or the date that the 0.357 percent
16 rate authorized under RCW 82.04.260(11)(e) would have taken effect
17 pursuant to RCW 82.04.260 and 82.04.2602 as those statutes existed on
18 December 31, 2026, with twenty-five or more employees in positions
19 determined to be qualified occupations by the Washington state
20 apprenticeship and training council according to this chapter (~~49.04~~
21 ~~RCW~~) directly applicable to the production of commercial aircraft.

22 (b) "Qualified apprenticeable workforce" means all occupations
23 approved by the Washington state apprenticeship and training council
24 according to this chapter (~~49.04~~~~RCW~~) directly applicable to the
25 production of commercial aircraft.

26 (c) "Significant commercial airplane manufacturer" means a
27 manufacturer of commercial airplanes with at least fifty thousand
28 full-time employees in Washington as of January 1, 2021.

29 **Sec. 616.** RCW 81.112.330 and 2000 2nd sp.s. c 4 s 30 are each
30 amended to read as follows:

31 (1) Except as provided in subsection (3) of this section, no
32 regional transit authority may initiate a transaction authorized
33 under RCW 81.112.300 after June 30, 2007.

34 (2) The termination of authority to enter into transactions after
35 June 30, 2007, does not affect the validity of any transactions
36 entered into under RCW 81.112.300.

37 (3) A regional transit authority may enter into a transaction in
38 accordance with RCW 81.112.300 after June 30, 2007, to replace or
39 refinance a transaction that relates to specific obligations entered

1 into on or before that date and that has terminated, or is, under the
2 terms of the replacement or refinance, to terminate, before the final
3 stated term of that transaction. The exemptions from taxes provided
4 by RCW 82.08.834, 82.12.834, (~~(82.04.4201,)~~) 82.29A.134, (~~(82.36.605~~
5 ~~[84.36.605])~~) 84.36.605, 35.21.756, 82.04.050, 82.45.010, and
6 35.21.755 apply to the replacement or refinance transactions.

7 (4) A regional transit authority, or public corporation or entity
8 created under RCW 81.112.320, that undertakes a transaction
9 authorized by RCW 81.112.300, shall provide to the state finance
10 committee, or its financial advisor, at the state finance committee's
11 discretion, a copy of all material agreements executed in connection
12 with the transaction within three months of the closing of the
13 transaction and shall make a report to the state finance committee,
14 the president of the senate, and the speaker of the house of
15 representatives on transactions authorized by RCW 81.112.300. The
16 report must include the amount of the transactions, the expected
17 savings or losses resulting from the transactions, the transaction
18 costs, including fees and detailed pricing information, the risks
19 associated with the transaction, and any other information the
20 regional transit authority determines relevant. The report must be
21 submitted within six months of the closing of each transaction.

22 **Sec. 617.** RCW 82.02.250 and 2019 c 8 s 104 are each amended to
23 read as follows:

24 A (~~(person)~~) taxpayer that has a substantial nexus under RCW
25 82.04.067 is obligated to pay all applicable taxes and fees imposed
26 on that (~~(person's)~~) taxpayer's business activity, including any
27 taxes and fees enacted after December 31, 2018. For purposes of this
28 section, "taxes and fees" means any monetary exaction, regardless of
29 its label, that is imposed directly on a (~~(person)~~) taxpayer engaging
30 in business and that the department is responsible for collecting.

31 **Sec. 618.** RCW 82.04.010 and 1996 c 93 s 4 are each amended to
32 read as follows:

33 Unless the context clearly requires otherwise, the definitions
34 set forth in (~~(the sections preceding RCW 82.04.220)~~) this chapter
35 apply throughout this chapter.

36 **Sec. 619.** RCW 82.04.050 and 2021 c 296 s 8 and 2021 c 1443 s 2
37 are each reenacted and amended to read as follows:

1 (1) (a) "Sale at retail" or "retail sale" means every sale of
2 tangible personal property (including articles produced, fabricated,
3 or imprinted) to all persons irrespective of the nature of their
4 business and including, among others, without limiting the scope
5 hereof, persons who install, repair, clean, alter, improve,
6 construct, or decorate real or personal property of or for consumers
7 other than a sale to a person who:

8 (i) Purchases for the purpose of resale as tangible personal
9 property in the regular course of business without intervening use by
10 such person, but a purchase for the purpose of resale by a regional
11 transit authority under RCW 81.112.300 is not a sale for resale; or

12 (ii) Installs, repairs, cleans, alters, imprints, improves,
13 constructs, or decorates real or personal property of or for
14 consumers, if such tangible personal property becomes an ingredient
15 or component of such real or personal property without intervening
16 use by such person; or

17 (iii) Purchases for the purpose of consuming the property
18 purchased in producing for sale as a new article of tangible personal
19 property or substance, of which such property becomes an ingredient
20 or component or is a chemical used in processing, when the primary
21 purpose of such chemical is to create a chemical reaction directly
22 through contact with an ingredient of a new article being produced
23 for sale; or

24 (iv) Purchases for the purpose of consuming the property
25 purchased in producing ferrosilicon which is subsequently used in
26 producing magnesium for sale, if the primary purpose of such property
27 is to create a chemical reaction directly through contact with an
28 ingredient of ferrosilicon; or

29 (v) Purchases for the purpose of providing the property to
30 consumers as part of competitive telephone service, as defined in RCW
31 82.04.065; or

32 (vi) Purchases for the purpose of satisfying the person's
33 obligations under an extended warranty as defined in subsection (7)
34 of this section, if such tangible personal property replaces or
35 becomes an ingredient or component of property covered by the
36 extended warranty without intervening use by such person.

37 (b) The term includes every sale of tangible personal property
38 that is used or consumed or to be used or consumed in the performance
39 of any activity defined as a "sale at retail" or "retail sale" even

1 though such property is resold or used as provided in (a)(i) through
2 (vi) of this subsection following such use.

3 (c) (~~The~~) Except as otherwise provided in this section, the
4 term also means every sale of tangible personal property to
5 (~~persons~~) taxpayers engaged in any business that is taxable under
6 (~~RCW 82.04.280(1) (a), (b), and (g), 82.04.290, and 82.04.2908)~~)
7 this chapter.

8 (2) The term "sale at retail" or "retail sale" includes the sale
9 of or charge made for tangible personal property consumed and/or for
10 labor and services rendered in respect to the following:

11 (a) The installing, repairing, cleaning, altering, imprinting, or
12 improving of tangible personal property of or for consumers,
13 including charges made for the mere use of facilities in respect
14 thereto, but excluding charges made for the use of self-service
15 laundry facilities, and also excluding sales of laundry service to
16 nonprofit health care facilities, and excluding services rendered in
17 respect to live animals, birds and insects;

18 (b) The constructing, repairing, decorating, or improving of new
19 or existing buildings or other structures under, upon, or above real
20 property of or for consumers, including the installing or attaching
21 of any article of tangible personal property therein or thereto,
22 whether or not such personal property becomes a part of the realty by
23 virtue of installation, and also includes the sale of services or
24 charges made for the clearing of land and the moving of earth
25 excepting the mere leveling of land used in commercial farming or
26 agriculture;

27 (c) The constructing, repairing, or improving of any structure
28 upon, above, or under any real property owned by an owner who conveys
29 the property by title, possession, or any other means to the person
30 performing such construction, repair, or improvement for the purpose
31 of performing such construction, repair, or improvement and the
32 property is then reconveyed by title, possession, or any other means
33 to the original owner;

34 (d) The cleaning, fumigating, razing, or moving of existing
35 buildings or structures, but does not include the charge made for
36 janitorial services; and for purposes of this section the term
37 "janitorial services" means those cleaning and caretaking services
38 ordinarily performed by commercial janitor service businesses
39 including, but not limited to, wall and window washing, floor
40 cleaning and waxing, and the cleaning in place of rugs, drapes and

1 upholstery. The term "janitorial services" does not include painting,
2 papering, repairing, furnace or septic tank cleaning, snow removal or
3 sandblasting;

4 (e) Automobile towing and similar automotive transportation
5 services, but not in respect to those required to report and pay
6 taxes under chapter 82.16 RCW;

7 (f) The furnishing of lodging and all other services by a hotel,
8 rooming house, tourist court, motel, trailer camp, and the granting
9 of any similar license to use real property, as distinguished from
10 the renting or leasing of real property, and it is presumed that the
11 occupancy of real property for a continuous period of one month or
12 more constitutes a rental or lease of real property and not a mere
13 license to use or enjoy the same. For the purposes of this
14 subsection, it is presumed that the sale of and charge made for the
15 furnishing of lodging for a continuous period of one month or more to
16 a person is a rental or lease of real property and not a mere license
17 to enjoy the same. For the purposes of this section, it is presumed
18 that the sale of and charge made for the furnishing of lodging
19 offered regularly for public occupancy for periods of less than a
20 month constitutes a license to use or enjoy the property subject to
21 sales and use tax and not a rental or lease of property;

22 (g) The installing, repairing, altering, or improving of digital
23 goods for consumers;

24 (h) Persons (~~(taxable)~~) making retail sales under (a), (b), (c),
25 (d), (e), (f), and (g) of this subsection when such sales or charges
26 are for property, labor and services which are used or consumed in
27 whole or in part by such persons in the performance of any activity
28 defined as a "sale at retail" or "retail sale" even though such
29 property, labor and services may be resold after such use or
30 consumption. Nothing contained in this subsection may be construed to
31 modify subsection (1) of this section and nothing contained in
32 subsection (1) of this section may be construed to modify this
33 subsection.

34 (3) The term "sale at retail" or "retail sale" includes the sale
35 of or charge made for personal, business, or professional services
36 including amounts designated as interest, rents, fees, admission, and
37 other service emoluments however designated, received by persons
38 engaging in the following business activities:

39 (a) Abstract, title insurance, and escrow services;

40 (b) Credit bureau services;

1 (c) Automobile parking and storage garage services;

2 (d) Landscape maintenance and horticultural services but
3 excluding (i) horticultural services provided to farmers and (ii)
4 pruning, trimming, repairing, removing, and clearing of trees and
5 brush near electric transmission or distribution lines or equipment,
6 if performed by or at the direction of an electric utility;

7 (e) Service charges associated with tickets to professional
8 sporting events;

9 (f) The following personal services: Tanning salon services,
10 tattoo parlor services, steam bath services, turkish bath services,
11 escort services, and dating services; and

12 (g) (i) Operating an athletic or fitness facility, including all
13 charges for the use of such a facility or for any associated services
14 and amenities, except as provided in (g) (ii) of this subsection.

15 (ii) Notwithstanding anything to the contrary in (g) (i) of this
16 subsection (3), the term "sale at retail" and "retail sale" under
17 this subsection does not include:

18 (A) Separately stated charges for the use of an athletic or
19 fitness facility where such use is primarily for a purpose other than
20 engaging in or receiving instruction in a physical fitness activity;

21 (B) Separately stated charges for the use of a discrete portion
22 of an athletic or fitness facility, other than a pool, where such
23 discrete portion of the facility does not by itself meet the
24 definition of "athletic or fitness facility" in this subsection;

25 (C) Separately stated charges for services, such as advertising,
26 massage, nutritional consulting, and body composition testing, that
27 do not require the customer to engage in physical fitness activities
28 to receive the service. The exclusion in this subsection
29 (3) (g) (ii) (C) does not apply to personal training services and
30 instruction in a physical fitness activity;

31 (D) Separately stated charges for physical therapy provided by a
32 physical therapist, as those terms are defined in RCW 18.74.010, or
33 occupational therapy provided by an occupational therapy
34 practitioner, as those terms are defined in RCW 18.59.020, when
35 performed pursuant to a referral from an authorized health care
36 practitioner or in consultation with an authorized health care
37 practitioner. For the purposes of this subsection (3) (g) (ii) (D), an
38 authorized health care practitioner means a health care practitioner
39 licensed under chapter 18.83, 18.25, 18.36A, 18.57, 18.71, or 18.71A
40 RCW, or, until July 1, 2022, chapter 18.57A RCW;

1 (E) Rent or association fees charged by a landlord or residential
2 association to a tenant or residential owner with access to an
3 athletic or fitness facility maintained by the landlord or
4 residential association, unless the rent or fee varies depending on
5 whether the tenant or owner has access to the facility;

6 (F) Services provided in the regular course of employment by an
7 employee with access to an athletic or fitness facility maintained by
8 the employer for use without charge by its employees or their family
9 members;

10 (G) The provision of access to an athletic or fitness facility by
11 an educational institution to its students and staff. However,
12 charges made by an educational institution to its alumni or other
13 members of the public for the use of any of the educational
14 institution's athletic or fitness facilities are a retail sale under
15 this subsection (3)(g). For purposes of this subsection
16 (3)(g)(ii)(G), "educational institution" has the same meaning as in
17 RCW 82.04.170;

18 (H) Yoga, chi gong, or martial arts classes, training, or events
19 held at a community center, park, school gymnasium, college or
20 university, hospital or other medical facility, private residence, or
21 any other facility that is not operated within and as part of an
22 athletic or fitness facility.

23 (iii) Nothing in (g)(ii) of this subsection (3) may be construed
24 to affect the taxation of sales made by the operator of an athletic
25 or fitness facility, where such sales are defined as a retail sale
26 under any provision of this section other than this subsection (3).

27 (iv) For the purposes of this subsection (3)(g), the following
28 definitions apply:

29 (A) "Athletic or fitness facility" means an indoor or outdoor
30 facility or portion of a facility that is primarily used for:
31 Exercise classes; strength and conditioning programs; personal
32 training services; tennis, racquetball, handball, squash, or
33 pickleball; or other activities requiring the use of exercise or
34 strength training equipment, such as treadmills, elliptical machines,
35 stair climbers, stationary cycles, rowing machines, pilates
36 equipment, balls, climbing ropes, jump ropes, and weightlifting
37 equipment.

38 (B) "Martial arts" means any of the various systems of training
39 for physical combat or self-defense. "Martial arts" includes, but is
40 not limited to, karate, kung fu, tae kwon do, Krav Maga, boxing,

1 kickboxing, jujitsu, shootfighting, wrestling, aikido, judo, hapkido,
2 Kendo, tai chi, and mixed martial arts.

3 (C) "Physical fitness activities" means activities that involve
4 physical exertion for the purpose of improving or maintaining the
5 general fitness, strength, flexibility, conditioning, or health of
6 the participant. "Physical fitness activities" includes participating
7 in yoga, chi gong, or martial arts.

8 (4) (a) The term also includes the renting or leasing of tangible
9 personal property to consumers.

10 (b) The term does not include the renting or leasing of tangible
11 personal property where the lease or rental is for the purpose of
12 sublease or subrent.

13 (5) The term also includes the providing of "competitive
14 telephone service," "telecommunications service," or "ancillary
15 services," as those terms are defined in RCW 82.04.065, to consumers.

16 (6) (a) The term also includes the sale of prewritten computer
17 software to a consumer, regardless of the method of delivery to the
18 end user. For purposes of (a) and (b) of this subsection, the sale of
19 prewritten computer software includes the sale of or charge made for
20 a key or an enabling or activation code, where the key or code is
21 required to activate prewritten computer software and put the
22 software into use. There is no separate sale of the key or code from
23 the prewritten computer software, regardless of how the sale may be
24 characterized by the vendor or by the purchaser.

25 (b) The term "retail sale" does not include the sale of or charge
26 made for:

27 (i) Custom software; or

28 (ii) The customization of prewritten computer software.

29 (c) (i) The term also includes the charge made to consumers for
30 the right to access and use prewritten computer software, where
31 possession of the software is maintained by the seller or a third
32 party, regardless of whether the charge for the service is on a per
33 use, per user, per license, subscription, or some other basis.

34 (ii) (A) The service described in (c) (i) of this subsection (6)
35 includes the right to access and use prewritten computer software to
36 perform data processing.

37 (B) For purposes of this subsection (6) (c) (ii), "data processing"
38 means the systematic performance of operations on data to extract the
39 required information in an appropriate form or to convert the data to
40 usable information. Data processing includes check processing, image

1 processing, form processing, survey processing, payroll processing,
2 claim processing, and similar activities.

3 (7) The term also includes the sale of or charge made for an
4 extended warranty to a consumer. For purposes of this subsection,
5 "extended warranty" means an agreement for a specified duration to
6 perform the replacement or repair of tangible personal property at no
7 additional charge or a reduced charge for tangible personal property,
8 labor, or both, or to provide indemnification for the replacement or
9 repair of tangible personal property, based on the occurrence of
10 specified events. The term "extended warranty" does not include an
11 agreement, otherwise meeting the definition of extended warranty in
12 this subsection, if no separate charge is made for the agreement and
13 the value of the agreement is included in the sales price of the
14 tangible personal property covered by the agreement. For purposes of
15 this subsection, "sales price" has the same meaning as in RCW
16 82.08.010.

17 (8) (a) The term also includes the following sales to consumers of
18 digital goods, digital codes, and digital automated services:

19 (i) Sales in which the seller has granted the purchaser the right
20 of permanent use;

21 (ii) Sales in which the seller has granted the purchaser a right
22 of use that is less than permanent;

23 (iii) Sales in which the purchaser is not obligated to make
24 continued payment as a condition of the sale; and

25 (iv) Sales in which the purchaser is obligated to make continued
26 payment as a condition of the sale.

27 (b) A retail sale of digital goods, digital codes, or digital
28 automated services under this subsection (8) includes any services
29 provided by the seller exclusively in connection with the digital
30 goods, digital codes, or digital automated services, whether or not a
31 separate charge is made for such services.

32 (c) For purposes of this subsection, "permanent" means perpetual
33 or for an indefinite or unspecified length of time. A right of
34 permanent use is presumed to have been granted unless the agreement
35 between the seller and the purchaser specifies or the circumstances
36 surrounding the transaction suggest or indicate that the right to use
37 terminates on the occurrence of a condition subsequent.

38 (9) The term also includes the charge made for providing tangible
39 personal property along with an operator for a fixed or indeterminate
40 period of time. A consideration of this is that the operator is

1 necessary for the tangible personal property to perform as designed.
2 For the purpose of this subsection (9), an operator must do more than
3 maintain, inspect, or set up the tangible personal property.

4 (10) The term does not include the sale of or charge made for
5 labor and services rendered in respect to the building, repairing, or
6 improving of any street, place, road, highway, easement, right-of-
7 way, mass public transportation terminal or parking facility, bridge,
8 tunnel, or trestle which is owned by a municipal corporation or
9 political subdivision of the state or by the United States and which
10 is used or to be used primarily for foot or vehicular traffic
11 including mass transportation vehicles of any kind.

12 (11) The term also does not include sales of chemical sprays or
13 washes to persons for the purpose of postharvest treatment of fruit
14 for the prevention of scald, fungus, mold, or decay, nor does it
15 include sales of feed, seed, seedlings, fertilizer, agents for
16 enhanced pollination including insects such as bees, and spray
17 materials to: (a) Persons who participate in the federal conservation
18 reserve program, the environmental quality incentives program, the
19 wetlands reserve program, and the wildlife habitat incentives
20 program, or their successors administered by the United States
21 department of agriculture; (b) farmers for the purpose of producing
22 for sale any agricultural product; (c) farmers for the purpose of
23 providing bee pollination services; and (d) farmers acting under
24 cooperative habitat development or access contracts with an
25 organization exempt from federal income tax under 26 U.S.C. Sec.
26 501(c)(3) of the federal internal revenue code or the Washington
27 state department of fish and wildlife to produce or improve wildlife
28 habitat on land that the farmer owns or leases.

29 (12) The term does not include the sale of or charge made for
30 labor and services rendered in respect to the constructing,
31 repairing, decorating, or improving of new or existing buildings or
32 other structures under, upon, or above real property of or for the
33 United States, any instrumentality thereof, or a county or city
34 housing authority created pursuant to chapter 35.82 RCW, including
35 the installing, or attaching of any article of tangible personal
36 property therein or thereto, whether or not such personal property
37 becomes a part of the realty by virtue of installation. Nor does the
38 term include the sale of services or charges made for the clearing of
39 land and the moving of earth of or for the United States, any
40 instrumentality thereof, or a county or city housing authority. Nor

1 does the term include the sale of services or charges made for
2 cleaning up for the United States, or its instrumentalities,
3 radioactive waste and other by-products of weapons production and
4 nuclear research and development.

5 (13) The term does not include the sale of or charge made for
6 labor, services, or tangible personal property pursuant to agreements
7 providing maintenance services for bus, rail, or rail fixed guideway
8 equipment when a regional transit authority is the recipient of the
9 labor, services, or tangible personal property, and a transit agency,
10 as defined in RCW 81.104.015, performs the labor or services.

11 (14) The term does not include the sale for resale of any service
12 described in this section if the sale would otherwise constitute a
13 "sale at retail" and "retail sale" under this section.

14 (15)(a) The term "sale at retail" or "retail sale" includes
15 amounts charged, however labeled, to consumers to engage in any of
16 the activities listed in this subsection (15)(a), including the
17 furnishing of any associated equipment or, except as otherwise
18 provided in this subsection, providing instruction in such
19 activities, where such charges are not otherwise defined as a "sale
20 at retail" or "retail sale" in this section:

21 (i)(A) Golf, including any variant in which either golf balls or
22 golf clubs are used, such as miniature golf, hitting golf balls at a
23 driving range, and golf simulators, and including fees charged by a
24 golf course to a player for using his or her own cart. However,
25 charges for golf instruction are not a retail sale, provided that if
26 the instruction involves the use of a golfing facility that would
27 otherwise require the payment of a fee, such as green fees or driving
28 range fees, such fees, including the applicable retail sales tax,
29 must be separately identified and charged by the golfing facility
30 operator to the instructor or the person receiving the instruction.

31 (B) Notwithstanding (a)(i)(A) of this subsection (15) and except
32 as otherwise provided in this subsection (15)(a)(i)(B), the term
33 "sale at retail" or "retail sale" does not include amounts charged to
34 participate in, or conduct, a golf tournament or other competitive
35 event. However, amounts paid by event participants to the golf
36 facility operator are retail sales under this subsection (15)(a)(i).
37 Likewise, amounts paid by the event organizer to the golf facility
38 are retail sales under this subsection (15)(a)(i), if such amounts
39 vary based on the number of event participants;

1 (ii) Ballooning, hang gliding, indoor or outdoor sky diving,
2 paragliding, parasailing, and similar activities;

3 (iii) Air hockey, billiards, pool, foosball, darts, shuffleboard,
4 ping pong, and similar games;

5 (iv) Access to amusement park, theme park, and water park
6 facilities, including but not limited to charges for admission and
7 locker or cabana rentals. Discrete charges for rides or other
8 attractions or entertainment that are in addition to the charge for
9 admission are not a retail sale under this subsection (15)(a)(iv).
10 For the purposes of this subsection, an amusement park or theme park
11 is a location that provides permanently affixed amusement rides,
12 games, and other entertainment, but does not include parks or zoos
13 for which the primary purpose is the exhibition of wildlife, or
14 fairs, carnivals, and festivals as defined in (b)(i) of this
15 subsection;

16 (v) Batting cage activities;

17 (vi) Bowling, but not including competitive events, except that
18 amounts paid by the event participants to the bowling alley operator
19 are retail sales under this subsection (15)(a)(vi). Likewise, amounts
20 paid by the event organizer to the operator of the bowling alley are
21 retail sales under this subsection (15)(a)(vi), if such amounts vary
22 based on the number of event participants;

23 (vii) Climbing on artificial climbing structures, whether indoors
24 or outdoors;

25 (viii) Day trips for sightseeing purposes;

26 (ix) Bungee jumping, zip lining, and riding inside a ball,
27 whether inflatable or otherwise;

28 (x) Horseback riding offered to the public, where the seller
29 furnishes the horse to the buyer and providing instruction is not the
30 primary focus of the activity, including guided rides, but not
31 including therapeutic horseback riding provided by an instructor
32 certified by a nonprofit organization that offers national or
33 international certification for therapeutic riding instructors;

34 (xi) Fishing, including providing access to private fishing areas
35 and charter or guided fishing, except that fishing contests and
36 license fees imposed by a government entity are not a retail sale
37 under this subsection;

38 (xii) Guided hunting and hunting at game farms and shooting
39 preserves, except that hunting contests and license fees imposed by a
40 government entity are not a retail sale under this subsection;

1 (xiii) Swimming, but only in respect to (A) recreational or
2 fitness swimming that is open to the public, such as open swim, lap
3 swimming, and special events like kids night out and pool parties
4 during open swim time, and (B) pool parties for private events, such
5 as birthdays, family gatherings, and employee outings. Fees for
6 swimming lessons, to participate in swim meets and other
7 competitions, or to join a swim team, club, or aquatic facility are
8 not retail sales under this subsection (15) (a) (xiii);

9 (xiv) Go-karting, bumper cars, and other motorized activities
10 where the seller provides the vehicle and the premises where the
11 buyer will operate the vehicle;

12 (xv) Indoor or outdoor playground activities, such as inflatable
13 bounce structures and other inflatables; mazes; trampolines; slides;
14 ball pits; games of tag, including laser tag and soft-dart tag; and
15 human gyroscope rides, regardless of whether such activities occur at
16 the seller's place of business, but not including playground
17 activities provided for children by a licensed child day care center
18 or licensed family day care provider as those terms are defined in
19 RCW 43.216.010;

20 (xvi) Shooting sports and activities, such as target shooting,
21 skeet, trap, sporting clays, "5" stand, and archery, but only in
22 respect to discrete charges to members of the public to engage in
23 these activities, but not including fees to enter a competitive
24 event, instruction that is entirely or predominately classroom based,
25 or to join or renew a membership at a club, range, or other facility;

26 (xvii) Paintball and airsoft activities;

27 (xviii) Skating, including ice skating, roller skating, and
28 inline skating, but only in respect to discrete charges to members of
29 the public to engage in skating activities, but not including skating
30 lessons, competitive events, team activities, or fees to join or
31 renew a membership at a skating facility, club, or other
32 organization;

33 (xix) Nonmotorized snow sports and activities, such as downhill
34 and cross-country skiing, snowboarding, ski jumping, sledding, snow
35 tubing, snowshoeing, and similar snow sports and activities, whether
36 engaged in outdoors or in an indoor facility with or without snow,
37 but only in respect to discrete charges to the public for the use of
38 land or facilities to engage in nonmotorized snow sports and
39 activities, such as fees, however labeled, for the use of ski lifts
40 and tows and daily or season passes for access to trails or other

1 areas where nonmotorized snow sports and activities are conducted.
2 However, fees for the following are not retail sales under this
3 subsection (15)(a)(xix): (A) Instructional lessons; (B) permits
4 issued by a governmental entity to park a vehicle on or access public
5 lands; and (C) permits or leases granted by an owner of private
6 timberland for recreational access to areas used primarily for
7 growing and harvesting timber; and

8 (xx) Scuba diving; snorkeling; river rafting; surfing;
9 kiteboarding; flyboarding; water slides; inflatables, such as water
10 pillows, water trampolines, and water rollers; and similar water
11 sports and activities.

12 (b) Notwithstanding anything to the contrary in this subsection
13 (15), the term "sale at retail" or "retail sale" does not include
14 charges:

15 (i) Made for admission to, and rides or attractions at, fairs,
16 carnivals, and festivals. For the purposes of this subsection, fairs,
17 carnivals, and festivals are events that do not exceed 21 days and a
18 majority of the amusement rides, if any, are not affixed to real
19 property;

20 (ii) Made by an educational institution to its students and staff
21 for activities defined as retail sales by (a)(i) through (xx) of this
22 subsection. However, charges made by an educational institution to
23 its alumni or other members of the general public for these
24 activities are a retail sale under this subsection (15). For purposes
25 of this subsection (15)(b)(ii), "educational institution" has the
26 same meaning as in RCW 82.04.170;

27 (iii) Made by a vocational school for commercial diver training
28 that is licensed by the workforce training and education coordinating
29 board under chapter 28C.10 RCW; or

30 (iv) Made for day camps offered by a nonprofit organization or
31 state or local governmental entity that provide youth not older than
32 age 18, or that are focused on providing individuals with
33 disabilities or mental illness, the opportunity to participate in a
34 variety of supervised activities.

35 (16)(a) The term "sale at retail" or "retail sale" includes the
36 purchase or acquisition of tangible personal property and specified
37 services by a person who receives either a qualifying grant exempt
38 from tax under RCW 82.04.767 or 82.16.320 or a salmon recovery grant
39 deductible under RCW 82.04.4339, except for transactions excluded
40 from the definition of "sale at retail" or "retail sale" by any other

1 provision of this section. Nothing in this subsection (16) may be
2 construed to limit the application of any other provision of this
3 section to purchases by a recipient of either a qualifying grant
4 exempt from tax under RCW 82.04.767 or a salmon recovery grant
5 deductible under RCW 82.04.4339, or by any other person.

6 (b) For purposes of this subsection (16), "specified services"
7 means:

8 (i) The constructing, repairing, decorating, or improving of new
9 or existing buildings or other structures under, upon, or above real
10 property, including the installing or attaching of any article of
11 tangible personal property therein or thereto, whether or not such
12 personal property becomes a part of the realty by virtue of
13 installation;

14 (ii) The clearing of land or the moving of earth, whether or not
15 associated with activities described in (b)(i) of this subsection
16 (16);

17 (iii) The razing or moving of existing buildings or structures;
18 and

19 (iv) Landscape maintenance and horticultural services.

20 **Sec. 620.** RCW 82.04.051 and 2021 c 145 s 4 are each amended to
21 read as follows:

22 (1) As used in RCW 82.04.050 and including for the purposes of
23 the taxes imposed in chapter 82.08 RCW in addition to the taxes
24 imposed in this chapter, the term "services rendered in respect to"
25 means, in the context of constructing, building, repairing,
26 improving, and decorating buildings or other structures, those
27 services that are directly related to the constructing, building,
28 repairing, improving, and decorating of buildings or other structures
29 and that are performed by a person who is responsible for the
30 performance of the constructing, building, repairing, improving, or
31 decorating activity. The term does not include services such as
32 engineering, architectural, surveying, flagging, accounting, legal,
33 consulting, land development or management, or administrative
34 services provided to the consumer of, or person responsible for
35 performing, the constructing, building, repairing, improving, or
36 decorating services.

37 (2) A contract or agreement under which a person is responsible
38 for both services that (~~would otherwise be subject to tax as a~~
39 ~~service under RCW 82.04.290(2))~~ are not defined as a retail sale or

1 wholesale sale and also constructing, building, repairing, improving,
2 or decorating activities that (~~would otherwise be subject to tax~~
3 ~~under another section of this chapter~~) are defined as a retail sale
4 or wholesale sale is subject to the tax that applies to the
5 predominant activity under the contract or agreement.

6 (3) Unless otherwise provided by law, a contract or agreement
7 under which a person is responsible for activities that are (~~subject~~
8 ~~to tax as a service under RCW 82.04.290(2)~~) not defined as a retail
9 sale or wholesale sale, and a subsequent contract or agreement under
10 which the same person is responsible for constructing, building,
11 repairing, improving, or decorating activities (~~subject to tax under~~
12 ~~another section of this chapter~~) defined as a retail sale or
13 wholesale sale, shall not be combined and taxed as a (~~single~~
14 ~~activity~~) retail sale or wholesale sale if at the time of the first
15 contract or agreement it was not contemplated by the parties, as
16 evidenced by the facts, that the same person would be awarded both
17 contracts.

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

20 (a) "Land development or management" means site identification,
21 zoning, permitting, and other preconstruction regulatory services
22 provided to the consumer of the constructing, building, repairing,
23 improving, or decorating services. This includes, but is not limited
24 to, acting as an owner's representative during any design or
25 construction period, including recommending a contractor, monitoring
26 the budget and schedule, approving invoices, and interacting on the
27 behalf of the consumer with the person who has control over the work
28 itself or responsible for the performance of the work.

29 (b) "Responsible for the performance" means that the person is
30 obligated to perform the activities, either personally or through a
31 third party. A person who reviews work for a consumer, retailer, or
32 wholesaler but does not supervise or direct the work is not
33 responsible for the performance of the work. A person who is
34 financially obligated for the work, such as a bank, but who does not
35 have control over the work itself is not responsible for the
36 performance of the work.

37 **Sec. 621.** RCW 82.04.062 and 1985 c 471 s 5 are each amended to
38 read as follows:

1 (1) For purposes of this chapter, "wholesale sale," "sale at
2 wholesale," "retail sale," and "sale at retail" do not include the
3 sale of precious metal bullion or monetized bullion.

4 (2) (~~In computing tax under this chapter on the business of~~
5 ~~making sales of precious metal bullion or monetized bullion, the tax~~
6 ~~shall be imposed on the amounts received as commissions upon~~
7 ~~transactions for the accounts of customers over and above the amount~~
8 ~~paid to other dealers associated in such transactions, but no~~
9 ~~deduction or offset is allowed on account of salaries or commissions~~
10 ~~paid to salesmen or other employees.~~

11 (3)) For purposes of this section, "precious metal bullion"
12 means any precious metal which has been put through a process of
13 smelting or refining, including, but not limited to, gold, silver,
14 platinum, rhodium, and palladium, and which is in such state or
15 condition that its value depends upon its contents and not upon its
16 form. For purposes of this section, "monetized bullion" means coins
17 or other forms of money manufactured from gold, silver, or other
18 metals and heretofore, now, or hereafter used as a medium of exchange
19 under the laws of this state, the United States, or any foreign
20 nation, but does not include coins or money sold to be manufactured
21 into jewelry or works of art.

22 **Sec. 622.** RCW 82.04.170 and 1993 sp.s. c 18 s 37 and 1993 c 181
23 s 13 are each reenacted and amended to read as follows:

24 "Tuition fee" includes library, laboratory, health service and
25 other special fees, and amounts charged for room and board by an
26 educational institution when the property or service for which such
27 charges are made is furnished exclusively to the students or faculty
28 of such institution. "Educational institution," as used in this
29 section, means only those institutions created or generally
30 accredited as such by the state and includes educational programs
31 that such educational institution cosponsors with a nonprofit
32 organization, as defined by the internal revenue code Sec. 501(c)(3),
33 if such educational institution grants college credit for coursework
34 successfully completed through the educational program, or an
35 approved branch campus of a foreign degree-granting institution in
36 compliance with chapter 28B.90 RCW(~~, and in accordance with RCW~~
37 ~~82.04.4332~~) or defined as a degree-granting institution under RCW
38 28B.85.010(3) and accredited by an accrediting association recognized
39 by the United States secretary of education, and offering to students

1 an educational program of a general academic nature or those
2 institutions which are not operated for profit and which are
3 privately endowed under a deed of trust to offer instruction in
4 trade, industry, and agriculture, but not including specialty
5 schools, business colleges, other trade schools, or similar
6 institutions.

7 **Sec. 623.** RCW 82.04.190 and 2017 c 323 s 513 and 2017 c 323 s
8 202 are each reenacted and amended to read as follows:

9 "Consumer" means the following:

10 (1) Except as provided otherwise in this section, any person who
11 purchases, acquires, owns, holds, or uses any article of tangible
12 personal property irrespective of the nature of the person's business
13 and including, among others, without limiting the scope hereof,
14 persons who install, repair, clean, alter, improve, construct, or
15 decorate real or personal property of or for consumers other than for
16 the purpose of:

17 (a) Resale as tangible personal property in the regular course of
18 business;

19 (b) Incorporating such property as an ingredient or component of
20 real or personal property when installing, repairing, cleaning,
21 altering, imprinting, improving, constructing, or decorating such
22 real or personal property of or for consumers;

23 (c) Consuming such property in producing for sale as a new
24 article of tangible personal property or a new substance, of which
25 such property becomes an ingredient or component or as a chemical
26 used in processing, when the primary purpose of such chemical is to
27 create a chemical reaction directly through contact with an
28 ingredient of a new article being produced for sale;

29 (d) Consuming the property purchased in producing ferrosilicon
30 which is subsequently used in producing magnesium for sale, if the
31 primary purpose of such property is to create a chemical reaction
32 directly through contact with an ingredient of ferrosilicon; or

33 (e) Satisfying the person's obligations under an extended
34 warranty as defined in RCW 82.04.050(7), if such tangible personal
35 property replaces or becomes an ingredient or component of property
36 covered by the extended warranty without intervening use by such
37 person;

38 (2) (a) ~~((Any))~~ Except as otherwise provided in this section, any
39 person engaged in any business activity taxable under ((RCW 82.04.290

1 ~~or 82.04.2908~~) this chapter; (b) any person who purchases, acquires,
2 or uses any competitive telephone service, ancillary services, or
3 telecommunications service as those terms are defined in RCW
4 82.04.065, other than for resale in the regular course of business;
5 (c) any person who purchases, acquires, or uses any service defined
6 in RCW 82.04.050(2) (a) or (g), other than for resale in the regular
7 course of business or for the purpose of satisfying the person's
8 obligations under an extended warranty as defined in RCW
9 82.04.050(7); (d) any person who makes a purchase meeting the
10 definition of "sale at retail" and "retail sale" under RCW
11 82.04.050(15), other than for resale in the regular course of
12 business; (e) any person who purchases or acquires an extended
13 warranty as defined in RCW 82.04.050(7) other than for resale in the
14 regular course of business; and (f) any person who is an end user of
15 software. For purposes of this subsection (2)(f) and RCW
16 82.04.050(6), a person who purchases or otherwise acquires prewritten
17 computer software, who provides services described in RCW
18 82.04.050(6)(c) and who will charge consumers for the right to access
19 and use the prewritten computer software, is not an end user of the
20 prewritten computer software;

21 (3) Any person engaged in the business of contracting for the
22 building, repairing or improving of any street, place, road, highway,
23 easement, right-of-way, mass public transportation terminal or
24 parking facility, bridge, tunnel, or trestle which is owned by a
25 municipal corporation or political subdivision of the state of
26 Washington or by the United States and which is used or to be used
27 primarily for foot or vehicular traffic including mass transportation
28 vehicles of any kind (~~as defined in RCW 82.04.280~~), in respect to
29 tangible personal property when such person incorporates such
30 property as an ingredient or component of such publicly owned street,
31 place, road, highway, easement, right-of-way, mass public
32 transportation terminal or parking facility, bridge, tunnel, or
33 trestle by installing, placing or spreading the property in or upon
34 the right-of-way of such street, place, road, highway, easement,
35 bridge, tunnel, or trestle or in or upon the site of such mass public
36 transportation terminal or parking facility;

37 (4) Any person who is an owner, lessee or has the right of
38 possession to or an easement in real property which is being
39 constructed, repaired, decorated, improved, or otherwise altered by a
40 person engaged in business, excluding only (a) municipal corporations

1 or political subdivisions of the state in respect to labor and
2 services rendered to their real property which is used or held for
3 public road purposes, and (b) the United States, instrumentalities
4 thereof, and county and city housing authorities created pursuant to
5 chapter 35.82 RCW in respect to labor and services rendered to their
6 real property. Nothing contained in this or any other subsection of
7 this definition may be construed to modify any other definition of
8 "consumer";

9 (5) Any person who is an owner, lessee, or has the right of
10 possession to personal property which is being constructed, repaired,
11 improved, cleaned, imprinted, or otherwise altered by a person
12 engaged in business;

13 (6) Any person engaged in the business of constructing,
14 repairing, decorating, or improving new or existing buildings or
15 other structures under, upon, or above real property of or for the
16 United States, any instrumentality thereof, or a county or city
17 housing authority created pursuant to chapter 35.82 RCW, including
18 the installing or attaching of any article of tangible personal
19 property therein or thereto, whether or not such personal property
20 becomes a part of the realty by virtue of installation; also, any
21 person engaged in the business of clearing land and moving earth of
22 or for the United States, any instrumentality thereof, or a county or
23 city housing authority created pursuant to chapter 35.82 RCW. Any
24 such person is a consumer within the meaning of this subsection in
25 respect to tangible personal property incorporated into, installed
26 in, or attached to such building or other structure by such person,
27 except that consumer does not include any person engaged in the
28 business of constructing, repairing, decorating, or improving new or
29 existing buildings or other structures under, upon, or above real
30 property of or for the United States, or any instrumentality thereof,
31 if the investment project would qualify for sales and use tax
32 deferral under chapter 82.63 RCW if undertaken by a private entity;

33 (7) Any person who is a lessor of machinery and equipment, the
34 rental of which is exempt from the tax imposed by RCW 82.08.020 under
35 RCW 82.08.02565, with respect to the sale of or charge made for
36 tangible personal property consumed in respect to repairing the
37 machinery and equipment, if the tangible personal property has a
38 useful life of less than one year. Nothing contained in this or any
39 other subsection of this section may be construed to modify any other
40 definition of "consumer";

1 (8) Any person engaged in the business of cleaning up for the
2 United States, or its instrumentalities, radioactive waste and other
3 by-products of weapons production and nuclear research and
4 development;

5 (9) Any person who is an owner, lessee, or has the right of
6 possession of tangible personal property that, under the terms of an
7 extended warranty as defined in RCW 82.04.050(7), has been repaired
8 or is replacement property, but only with respect to the sale of or
9 charge made for the repairing of the tangible personal property or
10 the replacement property;

11 (10) Any person who purchases, acquires, or uses services
12 described in RCW 82.04.050(6)(c) other than:

13 (a) For resale in the regular course of business; or

14 (b) For purposes of consuming the service described in RCW
15 82.04.050(6)(c) in producing for sale a new product, but only if such
16 service becomes a component of the new product. For purposes of this
17 subsection (10), "product" means a digital product, an article of
18 tangible personal property, or the service described in RCW
19 82.04.050(6)(c);

20 (11)(a) Any end user of a digital product or digital code.
21 "Consumer" does not include any person who is not an end user of a
22 digital product or a digital code and purchases, acquires, owns,
23 holds, or uses any digital product or digital code for purposes of
24 consuming the digital product or digital code in producing for sale a
25 new product, but only if the digital product or digital code becomes
26 a component of the new product. A digital code becomes a component of
27 a new product if the digital good or digital automated service
28 acquired through the use of the digital code becomes incorporated
29 into a new product. For purposes of this subsection, "product" has
30 the same meaning as in subsection (10) of this section.

31 (b)(i) For purposes of this subsection, "end user" means any
32 taxpayer as defined in RCW 82.12.010 other than a taxpayer who
33 receives by contract a digital product for further commercial
34 broadcast, rebroadcast, transmission, retransmission, licensing,
35 relicensing, distribution, redistribution or exhibition of the
36 product, in whole or in part, to others. A person that purchases
37 digital products or digital codes for the purpose of giving away such
38 products or codes will not be considered to have engaged in the
39 distribution or redistribution of such products or codes and will be
40 treated as an end user;

1 (ii) If a purchaser of a digital code does not receive the
2 contractual right to further redistribute, after the digital code is
3 redeemed, the underlying digital product to which the digital code
4 relates, then the purchaser of the digital code is an end user. If
5 the purchaser of the digital code receives the contractual right to
6 further redistribute, after the digital code is redeemed, the
7 underlying digital product to which the digital code relates, then
8 the purchaser of the digital code is not an end user. A purchaser of
9 a digital code who has the contractual right to further redistribute
10 the digital code is an end user if that purchaser does not have the
11 right to further redistribute, after the digital code is redeemed,
12 the underlying digital product to which the digital code relates;

13 (12) Any person who provides services described in RCW
14 82.04.050(9). Any such person is a consumer with respect to the
15 purchase, acquisition, or use of the tangible personal property that
16 the person provides along with an operator in rendering services
17 defined as a retail sale in RCW 82.04.050(9). Any such person may
18 also be a consumer under other provisions of this section;

19 (13) Any person who purchases, acquires, owns, holds, or uses
20 chemical sprays or washes for the purpose of postharvest treatment of
21 fruit for the prevention of scald, fungus, mold, or decay, or who
22 purchases feed, seed, seedlings, fertilizer, agents for enhanced
23 pollination including insects such as bees, and spray materials, is
24 not a consumer of such items, but only to the extent that the items:

25 (a) Are used in relation to the person's participation in the
26 federal conservation reserve program, the environmental quality
27 incentives program, the wetlands reserve program, the wildlife
28 habitat incentives program, or their successors administered by the
29 United States department of agriculture;

30 (b) Are for use by a farmer for the purpose of producing for sale
31 any agricultural product; or

32 (c) Are for use by a farmer to produce or improve wildlife
33 habitat on land the farmer owns or leases while acting under
34 cooperative habitat development or access contracts with an
35 organization exempt from federal income tax under 26 U.S.C. Sec.
36 501(c)(3) of the federal internal revenue code or the Washington
37 state department of fish and wildlife;

38 (14) A regional transit authority is not a consumer with respect
39 to labor, services, or tangible personal property purchased pursuant
40 to agreements providing maintenance services for bus, rail, or rail

1 fixed guideway equipment when a transit agency, as defined in RCW
2 81.104.015, performs the labor or services; and

3 (15) The term "consumer" does not include:

4 (a) An animal rescue organization with respect to animals under
5 its care and control; and

6 (b) Any person with respect to an animal adopted by that person
7 from an animal rescue organization.

8 **Sec. 624.** RCW 82.04.2404 and 2021 c 145 s 6 are each amended to
9 read as follows:

10 (1) ~~((Upon every person engaging within this state in the
11 business of manufacturing or processing for hire semiconductor
12 materials, as to such persons the amount of tax with respect to such
13 business is, in the case of manufacturers, equal to the value of the
14 product manufactured, or, in the case of processors for hire, equal
15 to the gross income of the business, multiplied by the rate of 0.275
16 percent.~~

17 ~~(2) For the purposes of this section "semiconductor))~~
18 "Semiconductor materials" means silicon crystals, silicon ingots,
19 raw polished semiconductor wafers, and compound semiconductor wafers.

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

23 ~~(4) Any person who has claimed the preferential tax rate under
24 this section must reimburse the department for fifty percent of the
25 amount of the tax preference under this section, if the number of
26 persons employed by the person claiming the tax preference is less
27 than ninety percent of the person's three-year employment average for
28 the three years immediately preceding the year in which the
29 preferential tax rate is claimed.~~

30 ~~(5))~~ (2) This section expires December 1, 2028.

31 **Sec. 625.** RCW 82.04.280 and 2019 c 449 s 1 are each amended to
32 read as follows:

33 (1) ~~((Upon every person engaging within this state in the
34 business of: (a) Printing materials other than newspapers, and of
35 publishing periodicals or magazines; (b) building, repairing or
36 improving any street, place, road, highway, easement, right-of-way,
37 mass public transportation terminal or parking facility, bridge,
38 tunnel, or trestle which is owned by a municipal corporation or~~

1 ~~political subdivision of the state or by the United States and which~~
2 ~~is used or to be used, primarily for foot or vehicular traffic~~
3 ~~including mass transportation vehicles of any kind and including any~~
4 ~~readjustment, reconstruction or relocation of the facilities of any~~
5 ~~public, private or cooperatively owned utility or railroad in the~~
6 ~~course of such building, repairing or improving, the cost of which~~
7 ~~readjustment, reconstruction, or relocation, is the responsibility of~~
8 ~~the public authority whose street, place, road, highway, easement,~~
9 ~~right-of-way, mass public transportation terminal or parking~~
10 ~~facility, bridge, tunnel, or trestle is being built, repaired or~~
11 ~~improved; (c) extracting for hire or processing for hire, except~~
12 ~~persons taxable as extractors for hire or processors for hire under~~
13 ~~another section of this chapter; (d) operating a cold storage~~
14 ~~warehouse or storage warehouse, but not including the rental of cold~~
15 ~~storage lockers; (e) representing and performing services for fire or~~
16 ~~casualty insurance companies as an independent resident managing~~
17 ~~general agent licensed under the provisions of chapter 48.17 RCW; (f)~~
18 ~~radio and television broadcasting, but excluding revenues from~~
19 ~~network, national, and regional advertising computed either: (i) As a~~
20 ~~standard deduction that the department must publish by rule by~~
21 ~~September 30, 2020, and by September 30th of every fifth year~~
22 ~~thereafter, based on the national average thereof as reported by the~~
23 ~~United States census bureau's economic census; or (ii) in lieu~~
24 ~~thereof by itemization by the individual broadcasting station, and~~
25 ~~excluding that portion of revenue represented by the out-of-state~~
26 ~~audience computed as a ratio to the broadcasting station's total~~
27 ~~audience as measured by the .5 millivolt/meter signal strength~~
28 ~~contour for AM radio, the one millivolt/meter or sixty dBu signal~~
29 ~~strength contour for FM radio, the twenty-eight dBu signal strength~~
30 ~~contour for television channels two through six, the thirty-six dBu~~
31 ~~signal strength contour for television channels seven through~~
32 ~~thirteen, and the forty-one dBu signal strength contour for~~
33 ~~television channels fourteen through sixty-nine with delivery by~~
34 ~~wire, satellite, or any other means, if any; (g) engaging in~~
35 ~~activities which bring a person within the definition of consumer~~
36 ~~contained in RCW 82.04.190(6); as to such persons, the amount of tax~~
37 ~~on such business is equal to the gross income of the business~~
38 ~~multiplied by the rate of 0.484 percent.~~

39 ~~(2) For the purposes of this section, the following definitions~~
40 ~~apply unless the context clearly requires otherwise.~~

1 ~~(a))~~ "Cold storage warehouse" means a storage warehouse used to
2 store fresh and/or frozen perishable fruits or vegetables, meat,
3 seafood, dairy products, or fowl, or any combination thereof, at a
4 desired temperature to maintain the quality of the product for
5 orderly marketing.

6 ~~((b))~~ (2) "Storage warehouse" means a building or structure, or
7 any part thereof, in which goods, wares, or merchandise are received
8 for storage for compensation, except field warehouses, fruit
9 warehouses, fruit packing plants, warehouses licensed under chapter
10 22.09 RCW, public garages storing automobiles, railroad freight
11 sheds, docks and wharves, and "self-storage" or "mini storage"
12 facilities whereby customers have direct access to individual storage
13 areas by separate entrance. (~~"Storage warehouse" does not include a~~
14 ~~building or structure, or that part of such building or structure, in~~
15 ~~which an activity taxable under RCW 82.04.272 is conducted.~~

16 ~~(c))~~ (3) "Periodical or magazine" means a printed publication,
17 other than a newspaper, issued regularly at stated intervals at least
18 once every three months, including any supplement or special edition
19 of the publication.

20 **Sec. 626.** RCW 82.04.294 and 2022 c 172 s 2 are each amended to
21 read as follows:

22 ~~(1) ((Upon every person engaging within this state in the~~
23 ~~business of manufacturing solar energy systems using photovoltaic~~
24 ~~modules or stirling converters, or of manufacturing solar grade~~
25 ~~silicon, silicon solar wafers, silicon solar cells, thin film solar~~
26 ~~devices, or compound semiconductor solar wafers to be used~~
27 ~~exclusively in components of such systems; as to such persons the~~
28 ~~amount of tax with respect to such business is, in the case of~~
29 ~~manufacturers, equal to the value of the product manufactured, or in~~
30 ~~the case of processors for hire, equal to the gross income of the~~
31 ~~business, multiplied by the rate of 0.275 percent.~~

32 ~~(2) Upon every person engaging within this state in the business~~
33 ~~of making sales at wholesale of solar energy systems using~~
34 ~~photovoltaic modules or stirling converters, or of solar grade~~
35 ~~silicon, silicon solar wafers, silicon solar cells, thin film solar~~
36 ~~devices, or compound semiconductor solar wafers to be used~~
37 ~~exclusively in components of such systems, manufactured by that~~
38 ~~person; as to such persons the amount of tax with respect to such~~
39 ~~business is equal to the gross proceeds of sales of the solar energy~~

1 ~~systems using photovoltaic modules or stirling converters, or of the~~
2 ~~solar grade silicon to be used exclusively in components of such~~
3 ~~systems, multiplied by the rate of 0.275 percent.~~

4 ~~(3))~~ Silicon solar wafers, silicon solar cells, thin film solar
5 devices, solar grade silicon, or compound semiconductor solar wafers
6 are "semiconductor materials" for the purposes of RCW 82.08.9651 and
7 82.12.9651.

8 ~~((4))~~ (2) The definitions in this subsection apply throughout
9 this section.

10 (a) "Compound semiconductor solar wafers" means a semiconductor
11 solar wafer composed of elements from two or more different groups of
12 the periodic table.

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

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

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

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

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

25 (g) "Solar grade silicon" means high-purity silicon used
26 exclusively in components of solar energy systems using photovoltaic
27 modules to capture direct sunlight. "Solar grade silicon" does not
28 include silicon used in semiconductors.

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

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

34 ~~((5) A person reporting under the tax rate provided in this~~
35 ~~section must file a complete annual tax performance report with the~~
36 ~~department under RCW 82.32.534.~~

37 ~~(6))~~ (3) This section expires July 1, 2032.

38 **Sec. 627.** RCW 82.04.297 and 2010 c 111 s 303 are each amended to
39 read as follows:

1 (1) The provision of internet access is subject to tax under RCW
2 82.04.290(~~(+2)~~) and section 202(1) of this act.

3 (2) (a) Except as provided in (b) of this subsection, "internet"
4 and "internet access" have the same meaning as those terms are
5 defined in the federal internet tax freedom act, Title 47 U.S.C. Sec.
6 151 note, as existing on July 1, 2009.

7 (b) "Internet access" does not include telecommunications service
8 purchased, used, or sold by a person that provides a service that
9 enables users to connect to the internet to access content,
10 information, or other services offered over the internet, to the
11 extent such telecommunications service is purchased, used, or sold:
12 (i) To provide such service; or (ii) to otherwise enable users to
13 access content, information, or other services offered over the
14 internet.

15 (3) Unless the context clearly requires otherwise, the
16 definitions in this section apply throughout this chapter.

17 **Sec. 628.** RCW 82.04.324 and 2004 c 82 s 1 are each amended to
18 read as follows:

19 ~~(1) ((This chapter does not apply to amounts received by a
20 qualifying blood bank, a qualifying tissue bank, or a qualifying
21 blood and tissue bank to the extent the amounts are exempt from
22 federal income tax.~~

23 ~~(2) For the purposes of this section:~~

24 ~~(a))~~ "Qualifying blood bank" means a blood bank that qualifies
25 as an exempt organization under 26 U.S.C. 501(c)(3) as existing on
26 June 10, 2004, is registered pursuant to 21 C.F.R., part 607 as
27 existing on June 10, 2004, and whose primary business purpose is the
28 collection, preparation, and processing of blood. "Qualifying blood
29 bank" does not include a comprehensive cancer center that is
30 recognized as such by the national cancer institute.

31 ~~((b))~~ (2) "Qualifying tissue bank" means a tissue bank that
32 qualifies as an exempt organization under 26 U.S.C. 501(c)(3) as
33 existing on June 10, 2004, is registered pursuant to 21 C.F.R., part
34 1271 as existing on June 10, 2004, and whose primary business purpose
35 is the recovery, processing, storage, labeling, packaging, or
36 distribution of human bone tissue, ligament tissue and similar
37 musculoskeletal tissues, skin tissue, heart valve tissue, or human
38 eye tissue. "Qualifying tissue bank" does not include a comprehensive

1 cancer center that is recognized as such by the national cancer
2 institute.

3 ~~((e))~~ (3) "Qualifying blood and tissue bank" is a bank that
4 qualifies as an exempt organization under 26 U.S.C. 501(c)(3) as
5 existing on June 10, 2004, is registered pursuant to 21 C.F.R., part
6 607 and part 1271 as existing on June 10, 2004, and whose primary
7 business purpose is the collection, preparation, and processing of
8 blood, and the recovery, processing, storage, labeling, packaging, or
9 distribution of human bone tissue, ligament tissue and similar
10 musculoskeletal tissues, skin tissue, and heart valve tissue.
11 "Qualifying blood and tissue bank" does not include a comprehensive
12 cancer center that is recognized as such by the national cancer
13 institute.

14 **Sec. 629.** RCW 82.04.385 and 2020 c 274 s 68 are each amended to
15 read as follows:

16 ~~((This chapter shall not apply to income received from the
17 department of social and health services for the cost of care,
18 maintenance, support, and training of persons with developmental
19 disabilities at nonprofit group training homes as defined by chapter
20 71A.22 RCW or to the business activities of nonprofit organizations
21 from the operation of sheltered workshops. For the purposes of this
22 section, "the operation of sheltered workshops" means performance of
23 business activities of any kind on or off the premises of such
24 nonprofit organizations which))~~ "Sheltered workshop" means a
25 nonprofit group training home as defined in RCW 71A.22.020 or other
26 nonprofit organization, which receives income from the department of
27 social and health services for the cost of care, maintenance,
28 support, and training of persons with developmental disabilities,
29 including activities that are performed for the primary purpose of
30 (1) providing gainful employment or rehabilitation services to
31 persons with disabilities as an interim step in the rehabilitation
32 process for those who cannot be readily absorbed in the competitive
33 labor market or during such time as employment opportunities for them
34 in the competitive labor market do not exist; or (2) providing
35 evaluation and work adjustment services for persons with
36 disabilities.

37 **Sec. 630.** RCW 82.04.4265 and 2005 c 514 s 401 are each amended
38 to read as follows:

1 ~~((1) This chapter does not apply to amounts received by a~~
2 ~~comprehensive cancer center to the extent the amounts are exempt from~~
3 ~~federal income tax.~~

4 ~~(2) For the purposes of this section, "comprehensive))~~
5 "Comprehensive cancer center" means a cancer center that has written
6 confirmation that it is recognized by the national cancer institute
7 as a comprehensive cancer center and that qualifies as an exempt
8 organization under 26 U.S.C. Sec. 501(c)(3) as existing on July 1,
9 2006.

10 **Sec. 631.** RCW 82.04.540 and 2006 c 301 s 1 are each amended to
11 read as follows:

12 (1) The provision of professional employer services by a
13 professional employer organization is taxable under RCW
14 82.04.290~~((+2))~~ and section 202(1) of this act.

15 ~~(2) ((A professional employer organization is allowed a deduction~~
16 ~~from the gross income of the business derived from performing~~
17 ~~professional employer services that is equal to the portion of the~~
18 ~~fee charged to a client that represents the actual cost of wages and~~
19 ~~salaries, benefits, workers' compensation, payroll taxes,~~
20 ~~withholding, or other assessments paid to or on behalf of a covered~~
21 ~~employee by the professional employer organization under a~~
22 ~~professional employer agreement.~~

23 ~~(3) For the purposes of this section, the following definitions~~
24 ~~apply:~~

25 ~~(a))~~ "Client" means any person who enters into a professional
26 employer agreement with a professional employer organization. For
27 purposes of this subsection ~~((+3)(a))~~ (2), "person" has the same
28 meaning as "buyer" in RCW 82.08.010.

29 ~~((+b))~~ (3) "Coemployer" means either a professional employer
30 organization or a client.

31 ~~((+e))~~ (4) "Coemployment relationship" means a relationship
32 which is intended to be an ongoing relationship rather than a
33 temporary or project-specific one, wherein the rights, duties, and
34 obligations of an employer which arise out of an employment
35 relationship have been allocated between coemployers pursuant to a
36 professional employer agreement and applicable state law. In such a
37 coemployment relationship:

38 ~~((+i))~~ (a) The professional employer organization is entitled to
39 enforce only such employer rights and is subject to only those

1 obligations specifically allocated to the professional employer
2 organization by the professional employer agreement or applicable
3 state law;

4 ~~((+ii))~~ (b) The client is entitled to enforce those rights and
5 obligated to provide and perform those employer obligations allocated
6 to such client by the professional employer agreement and applicable
7 state law; and

8 ~~((+iii))~~ (c) The client is entitled to enforce any right and
9 obligated to perform any obligation of an employer not specifically
10 allocated to the professional employer organization by the
11 professional employer agreement or applicable state law.

12 ~~((+d))~~ (5) "Covered employee" means an individual having a
13 coemployment relationship with a professional employer organization
14 and a client who meets all of the following criteria: ~~((+i))~~ (a) The
15 individual has received written notice of coemployment with the
16 professional employer organization, and ~~((+ii))~~ (b) the individual's
17 coemployment relationship is pursuant to a professional employer
18 agreement. Individuals who are officers, directors, shareholders,
19 partners, and managers of the client are covered employees to the
20 extent the professional employer organization and the client have
21 expressly agreed in the professional employer agreement that such
22 individuals would be covered employees and provided such individuals
23 meet the criteria of this subsection and act as operational managers
24 or perform day-to-day operational services for the client.

25 ~~((+e))~~ (6) "Professional employer agreement" means a written
26 contract by and between a client and a professional employer
27 organization that provides:

28 ~~((+i))~~ (a) For the coemployment of covered employees; and

29 ~~((+ii))~~ (b) For the allocation of employer rights and
30 obligations between the client and the professional employer
31 organization with respect to the covered employees.

32 ~~((+f))~~ (7) "Professional employer organization" means any person
33 engaged in the business of providing professional employer services.
34 The following shall not be deemed to be professional employer
35 organizations or the providing of professional employer services for
36 purposes of this section:

37 ~~((+i))~~ (a) Arrangements wherein a person, whose principal
38 business activity is not entering into professional employer
39 arrangements and which does not hold itself out as a professional
40 employer organization, shares employees with a commonly owned company

1 within the meaning of section 414(b) and (c) of the Internal Revenue
2 Code of 1986, as amended;

3 ~~((+iii))~~ (b) Independent contractor arrangements by which a
4 person assumes responsibility for the product produced or service
5 performed by such person or his or her agents and retains and
6 exercises primary direction and control over the work performed by
7 the individuals whose services are supplied under such arrangements;
8 or

9 ~~((+iii))~~ (c) Providing staffing services.

10 ~~((+g))~~ (8) "Professional employer services" means the service of
11 entering into a coemployment relationship with a client in which all
12 or a majority of the employees providing services to a client or to a
13 division or work unit of a client are covered employees.

14 ~~((+h))~~ (9) "Staffing services" means services consisting of a
15 person:

16 ~~((+i))~~ (a) Recruiting and hiring its own employees;

17 ~~((+ii))~~ (b) Finding other organizations that need the services
18 of those employees;

19 ~~((+iii))~~ (c) Assigning those employees on a temporary basis to
20 perform work at or services for the other organizations to support or
21 supplement the other organizations' workforces, or to provide
22 assistance in special work situations such as, but not limited to,
23 employee absences, skill shortages, seasonal workloads, or to perform
24 special assignments or projects, all under the direction and
25 supervision of the customer; and

26 ~~((+iv))~~ (d) Customarily attempting to reassign the employees to
27 other organizations when they finish each assignment.

28 **Sec. 632.** RCW 82.04.293 and 2019 c 426 s 3 are each amended to
29 read as follows:

30 ~~((For purposes of RCW 82.04.290:))~~

31 (1) A person is engaged in the business of providing qualifying
32 international investment management services, if:

33 (a) Such person is engaged primarily in the business of providing
34 investment management services;

35 (b) At least ten percent of the gross income of such person is
36 derived from providing investment management services to any of the
37 following:

38 (i) Collective investment funds commercially domiciled, as
39 defined in RCW 82.56.010, outside the United States; or

1 (ii) Collective investment funds with at least ten percent of
2 their investments located outside the United States;

3 (c) More than twenty-five percent of such person's employees are
4 located in this state; and

5 (d) Such person is a member of an affiliated group that
6 collectively has:

7 (i) Ten or more offices located in at least eight foreign
8 countries;

9 (ii) At least five hundred full-time employees worldwide;

10 (iii) Worldwide gross revenue of more than four hundred million
11 dollars during the entire current or immediately preceding calendar
12 year; and

13 (iv) Average assets under management of more than two hundred
14 billion dollars during the entire current or immediately preceding
15 calendar year.

16 (2) An affiliate of a person engaged in the business of providing
17 qualifying international investment management services is deemed to
18 also be engaged in the business of providing qualifying international
19 investment management services if the affiliate:

20 (a) Is primarily engaged in providing portfolio management, fund
21 administration, fund distribution, or transfer agent services, or any
22 combination of these activities, to, either directly or indirectly
23 through such affiliate's affiliated group, any of the following:

24 (i) Collective investment funds commercially domiciled, as
25 defined in RCW 82.56.010, outside the United States; or

26 (ii) Collective investment funds with at least ten percent of
27 their investments located outside the United States; and

28 (b) Satisfies the requirement under subsection (1)(c) of this
29 section.

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

32 ~~(a) ((i) "Affiliate" and "affiliated" mean a person that directly
33 or indirectly, through one or more intermediaries, controls, is
34 controlled by, or is under common control with another person.~~

35 ~~(ii) For purposes of this subsection (3)(a), "control" means the
36 possession, directly or indirectly, of more than fifty percent of the
37 power to direct or cause the direction of the management and policies
38 of a person, whether through the ownership of voting shares, by
39 contract, or otherwise.~~

1 ~~(b) "Affiliated group" means any group of two or more persons~~
2 ~~that are all affiliated with each other.~~

3 ~~(e))~~ "Collective investment fund" includes:

4 (i) A mutual fund or other regulated investment company, as
5 defined in section 851(a) of the internal revenue code of 1986, as
6 amended;

7 (ii) An "investment company," as that term is used in section
8 3(a) of the investment company act of 1940, as well as any entity
9 that would be an investment company for this purpose but for the
10 exemptions contained in section 3(c) (1) or (11);

11 (iii) An "employee benefit plan," which includes any plan, trust,
12 commingled employee benefit trust, or custodial arrangement that is
13 subject to the employee retirement income security act of 1974, as
14 amended, 29 U.S.C. Sec. 1001 et seq., or that is described in
15 sections 125, 401, 403, 408, 457, and 501(c)(9) and (17) through (23)
16 of the internal revenue code of 1986, as amended, or a similar plan
17 maintained by a state or local government, or a plan, trust, or
18 custodial arrangement established to self-insure benefits required by
19 federal, state, or local law;

20 (iv) A fund maintained by a tax-exempt organization, as defined
21 in section 501(c)(3) of the internal revenue code of 1986, as
22 amended, for operating, quasi-endowment, or endowment purposes;

23 (v) Funds that are established for the benefit of such tax-exempt
24 organizations, such as charitable remainder trusts, charitable lead
25 trusts, charitable annuity trusts, or other similar trusts; or

26 (vi) Collective investment funds similar to those described in
27 ~~((e))~~ (a) (i) through (v) of this subsection (3) created under the
28 laws of a foreign jurisdiction.

29 ~~((d))~~ (v) "Investment management services" means managing the
30 collective assets of a collective investment fund by engaging, either
31 directly or indirectly through such person's affiliated group, in all
32 of the following activities: (i) Portfolio management; (ii) fund
33 administration; (iii) fund distribution; and (iv) transfer agent
34 services.

35 (4) Investments are located outside the United States if the
36 underlying assets in which the investment constitutes a beneficial
37 interest reside or are created, issued or held outside the United
38 States.

39 (5) If before January 1, 2027, a person engaged in the business
40 of providing international investment management services no longer

1 meets the Washington state employment eligibility requirements under
2 subsection (1)(c) of this section, then an amount equal to the entire
3 economic benefit accruing to the person in the current and
4 immediately prior nine consecutive calendar years, or the consecutive
5 years since July 1, 2019, whichever is less, as a result of the
6 preferential tax rate under RCW 82.04.290(1) is immediately due and
7 payable.

8 (6) The department must assess interest, but not penalties, on
9 the amounts due under this section. The interest must be assessed at
10 the rate provided for delinquent excise taxes under chapter 82.32 RCW
11 and accrue until the taxes for which a tax preference has been used
12 are repaid.

13 **Sec. 633.** RCW 82.04.4328 and 2021 c 176 s 5247 are each amended
14 to read as follows:

15 (1) For the purposes of RCW (~~(82.04.4327,)~~) 82.08.031(~~(7)~~) and
16 82.12.031, the term "artistic or cultural organization" means an
17 organization that is organized and operated exclusively for the
18 purpose of providing artistic or cultural exhibitions, presentations,
19 or performances or cultural or art education programs, as defined in
20 subsection (2) of this section, for viewing or attendance by the
21 general public. The organization must be a nonprofit corporation
22 under chapter 24.03A RCW and managed by a governing board of not less
23 than eight individuals none of whom is a paid employee of the
24 organization or by a corporation sole under chapter 24.12 RCW. In
25 addition, to qualify for deduction or exemption from taxation under
26 RCW (~~(82.04.4327,)~~) 82.08.031(~~(7)~~) and 82.12.031, the corporation
27 must satisfy the following conditions:

28 (a) No part of its income may be paid directly or indirectly to
29 its members, stockholders, officers, directors, or trustees except in
30 the form of services rendered by the corporation in accordance with
31 its purposes and bylaws;

32 (b) Salary or compensation paid to its officers and executives
33 must be only for actual services rendered, and at levels comparable
34 to the salary or compensation of like positions within the state;

35 (c) Assets of the corporation must be irrevocably dedicated to
36 the activities for which the exemption is granted and, on the
37 liquidation, dissolution, or abandonment by the corporation, may not
38 inure directly or indirectly to the benefit of any member or

1 individual except a nonprofit organization, association, or
2 corporation which also would be entitled to the exemption;

3 (d) The corporation must be duly licensed or certified when
4 licensing or certification is required by law or regulation;

5 (e) The amounts received that qualify for exemption must be used
6 for the activities for which the exemption is granted;

7 (f) Services must be available regardless of race, color,
8 national origin, or ancestry; and

9 (g) The director of revenue must have access to its books in
10 order to determine whether the corporation is exempt from taxes.

11 (2) The term "artistic or cultural exhibitions, presentations, or
12 performances or cultural or art education programs" includes and is
13 limited to:

14 (a) An exhibition or presentation of works of art or objects of
15 cultural or historical significance, such as those commonly displayed
16 in art or history museums;

17 (b) A musical or dramatic performance or series of performances;
18 or

19 (c) An educational seminar or program, or series of such
20 programs, offered by the organization to the general public on an
21 artistic, cultural, or historical subject.

22 **Sec. 634.** RCW 82.04.431 and 2021 c 176 s 5246 are each amended
23 to read as follows:

24 (1) The term "health or social welfare organization" means an
25 organization, including any community action council, which renders
26 health or social welfare services as defined in subsection (2) of
27 this section, which is a domestic or foreign nonprofit corporation
28 under chapter 24.03A RCW and which is managed by a governing board of
29 not less than eight individuals none of whom is a paid employee of
30 the organization or which is a corporation sole under chapter 24.12
31 RCW. Health or social welfare organization does not include a
32 corporation providing professional services as authorized in chapter
33 18.100 RCW. In addition, a corporation (~~in order to be exempt under~~
34 ~~RCW 82.04.4297~~) must satisfy the following conditions:

35 (a) No part of its income may be paid directly or indirectly to
36 its members, stockholders, officers, directors, or trustees except in
37 the form of services rendered by the corporation in accordance with
38 its purposes and bylaws;

1 (b) Salary or compensation paid to its officers and executives
2 must be only for actual services rendered, and at levels comparable
3 to the salary or compensation of like positions within the public
4 service of the state;

5 (c) Assets of the corporation must be irrevocably dedicated to
6 ~~((the activities for which the exemption is granted))~~ providing
7 health or social welfare services and, on the liquidation,
8 dissolution, or abandonment by the corporation, may not inure
9 directly or indirectly to the benefit of any member or individual
10 except a nonprofit organization, association, or corporation ~~((which~~
11 ~~also would be entitled to the exemption))~~ that is also a health or
12 social welfare organization;

13 (d) The corporation must be duly licensed or certified where
14 licensing or certification is required by law or regulation;

15 (e) The amounts received ~~((qualifying))~~ for ~~((exemption))~~
16 providing health or social welfare services must be used for ~~((the~~
17 ~~activities for which the exemption is granted))~~ those activities;

18 (f) Services must be available regardless of race, color,
19 national origin, or ancestry; and

20 (g) The director of revenue must have access to its books in
21 order to determine whether the corporation ~~((is exempt from taxes~~
22 ~~within the intent of RCW 82.04.4297 and))~~ meets the conditions of
23 this section.

24 (2) The term "health or social welfare services" includes and is
25 limited to:

26 (a) Mental health, drug, or alcoholism counseling or treatment;

27 (b) Family counseling;

28 (c) Health care services;

29 (d) Therapeutic, diagnostic, rehabilitative, or restorative
30 services for the care of the sick, aged, or physically,
31 developmentally, or emotionally-disabled individuals;

32 (e) Activities which are for the purpose of preventing or
33 ameliorating juvenile delinquency or child abuse, including
34 recreational activities for those purposes;

35 (f) Care of orphans or foster children;

36 (g) Day care of children;

37 (h) Employment development, training, and placement;

38 (i) Legal services to the indigent;

39 (j) Weatherization assistance or minor home repair for low-income
40 homeowners or renters;

1 (k) Assistance to low-income homeowners and renters to offset the
2 cost of home heating energy, through direct benefits to eligible
3 households or to fuel vendors on behalf of eligible households;

4 (l) Community services to low-income individuals, families, and
5 groups, which are designed to have a measurable and potentially major
6 impact on causes of poverty in communities of the state; and

7 (m) Temporary medical housing, as defined in RCW 82.08.997, if
8 the housing is provided only:

9 (i) While the patient is receiving medical treatment at a
10 hospital required to be licensed under RCW 70.41.090 or at an
11 outpatient clinic associated with such hospital, including any period
12 of recuperation or observation immediately following such medical
13 treatment; and

14 (ii) By a person that does not furnish lodging or related
15 services to the general public.

16 **Sec. 635.** RCW 82.08.0209 and 2021 c 4 s 4 are each amended to
17 read as follows:

18 (1) The tax levied by RCW 82.08.020 does not apply to a grantee's
19 receipt of a qualifying grant that is exempt from (~~business and~~
20 ~~occupation~~) margin tax under RCW 82.04.767.

21 (2) Nothing in this section may be construed to:

22 (a) Imply that the tax levied by RCW 82.08.020 applies to any
23 circumstance not described in subsection (1) of this section; or

24 (b) Provide an exemption from the tax levied by RCW 82.08.020 for
25 the grantee's use of a qualifying grant to acquire products in a
26 transaction meeting the definition of "retail sale" in RCW 82.04.050.

27 (3) For purposes of this section, the following definitions
28 apply:

29 (a) "Grantee" means the recipient of a qualifying grant.

30 (b) "Product" means the same as in RCW 82.32.023.

31 (c) "Qualifying grant" means the same as in RCW 82.04.767.

32 **Sec. 636.** RCW 82.08.02807 and 2020 c 139 s 13 are each amended
33 to read as follows:

34 (1) The tax levied by RCW 82.08.020 does not apply to the sales
35 of medical supplies, chemicals, or materials to an organ procurement
36 organization (~~exempt under RCW 82.04.326~~). This exemption does not
37 apply to the sale of construction materials, office equipment,
38 building equipment, administrative supplies, or vehicles.

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

3 (a) "Chemical" means any catalyst, solvent, water, acid, oil, or
4 other additive that physically or chemically interacts with blood,
5 bone, or tissue.

6 (b) "Materials" means any item of tangible personal property
7 including, but not limited to, bags, packs, collecting sets,
8 filtering materials, testing reagents, antisera, and refrigerants,
9 used or consumed in performing research on, procuring, testing,
10 processing, storing, packaging, distributing, or using blood, bone,
11 or tissue.

12 (c) "Medical supplies" means any item of tangible personal
13 property, including any repair and replacement parts for such
14 tangible personal property, used by an organ procurement organization
15 (~~exempt under RCW 82.04.326~~) for the purpose of performing research
16 on, procuring, testing, processing, storing, packaging, distributing,
17 or using blood, bone, or tissue. The term includes tangible personal
18 property used to:

19 (i) Provide preparatory treatment of blood, bone, or tissue;

20 (ii) Control, guide, measure, tune, verify, align, regulate,
21 test, or physically support blood, bone, or tissue; or

22 (iii) Protect the health and safety of employees or others
23 present during research on, procuring, testing, processing, storing,
24 packaging, distributing, or using blood, bone, or tissue.

25 (d) "Organ procurement organization" means a qualified organ
26 procurement organization under 42 U.S.C. Sec. 273(b) in effect
27 January 1, 2022, that is exempt from federal income tax.

28 **Sec. 637.** RCW 82.08.0531 and 2021 c 145 s 10 are each amended to
29 read as follows:

30 (1) For purposes of this chapter and chapters 82.04 and 82.12
31 RCW, a marketplace facilitator is deemed to be an agent of any
32 marketplace seller making retail sales through the marketplace
33 facilitator's marketplace.

34 (2) Beginning October 1, 2018, marketplace facilitators subject
35 to a tax collection obligation under RCW 82.08.052 (1) or (2) must
36 collect and remit to the department retail sales tax on all taxable
37 retail sales made or facilitated by the marketplace facilitator,
38 whether in its own right or as an agent of a marketplace seller,
39 regardless of whether the marketplace seller is subject to a tax

1 collection obligation under RCW 82.08.052 (1) or (2). Beginning
2 January 1, 2020, the collection obligation of a marketplace
3 facilitator under this chapter also applies to any other taxes and
4 fees, as defined under RCW 82.02.260, that are imposed on a retail
5 sale made or facilitated by the marketplace facilitator, whether in
6 its own right or as an agent of a marketplace seller, regardless of
7 whether the marketplace seller has a tax collection obligation under
8 RCW 82.08.052 (1) or (2).

9 (3) In addition to other applicable recordkeeping requirements,
10 the department may require a marketplace facilitator to provide or
11 make available to the department any information the department
12 determines is reasonably necessary to enforce the provisions of this
13 chapter and chapter 82.13 RCW. Such information may include
14 documentation of sales made by marketplace sellers through the
15 marketplace facilitator's marketplace. The department may prescribe
16 by rule the form and manner for providing this information.

17 (4) (a) Beginning July 1, 2019, to ensure that marketplace sellers
18 have the necessary information to timely and accurately file their
19 excise tax returns with the department pursuant to RCW 82.32.045, a
20 marketplace facilitator must, at a minimum, provide each of its
21 marketplace sellers with access, through a written report or other
22 means, to gross sales information for all Washington sales made as an
23 agent of the marketplace seller under this section during the
24 immediately preceding month. Marketplace facilitators must provide
25 such access within fifteen calendar days following the end of each
26 month.

27 (b) If a marketplace seller does not receive the gross sales
28 information for all Washington sales through a marketplace
29 facilitator, as required under (a) of this subsection (4), the
30 marketplace seller may determine its (~~business and occupation tax~~
31 ~~liability under chapter 82.04 RCW~~) margin tax liability under
32 section 202 of this act based on a reasonable method of estimating
33 Washington sales as may be required or approved by the department.

34 (c) For purposes of this subsection, "Washington sales" means any
35 sale sourced to this state under RCW 82.32.730, regardless of whether
36 the sale is a retail sale.

37 (5) If a marketplace facilitator has fully complied with the
38 requirements of subsection (4) (a) of this section, the marketplace
39 facilitator is relieved of liability under this chapter and chapter
40 82.12 RCW for failure to collect the correct amount of tax to the

1 extent that the marketplace facilitator can show to the department's
2 satisfaction that the error was due to incorrect information given to
3 the marketplace facilitator by the marketplace seller, unless the
4 marketplace facilitator and marketplace seller are affiliated
5 persons. Where the marketplace facilitator is relieved of liability
6 under this subsection (5), the marketplace seller is solely liable
7 for the amount of uncollected tax due.

8 (6)(a) Subject to the limits in (b) and (c) of this subsection
9 (6), a marketplace facilitator that has fully complied with the
10 requirements of subsection (4)(a) of this section is relieved of
11 liability under this chapter and chapter 82.12 RCW for the failure to
12 collect tax on taxable retail sales to the extent that the
13 marketplace facilitator can show to the department's satisfaction
14 that:

15 (i) The taxable retail sale was made through the marketplace
16 facilitator's marketplace;

17 (ii) The taxable retail sale was made solely as the agent of a
18 marketplace seller, and the marketplace facilitator and marketplace
19 seller are not affiliated persons; and

20 (iii) The failure to collect sales tax was not due to an error in
21 sourcing the sale under RCW 82.32.730.

22 (b) Liability relief for a marketplace facilitator under (a) of
23 this subsection (6) for a calendar year is limited as follows:

24 (i) For calendar year 2018, the liability relief may not exceed
25 ten percent of the total tax due under this chapter and chapter 82.12
26 RCW on taxable retail sales facilitated by the marketplace
27 facilitator as agent of a marketplace seller and sourced to this
28 state under RCW 82.32.730 during the same calendar year.

29 (ii) For calendar year 2019, the liability relief may not exceed
30 five percent of the total tax due under this chapter and chapter
31 82.12 RCW on taxable retail sales by the marketplace facilitator as
32 agent of a marketplace seller and sourced to this state under RCW
33 82.32.730 during the same calendar year.

34 (iii) The provisions of this subsection (6) do not apply to
35 retail sales made after December 31, 2019.

36 (c) For purposes of this subsection (6), a retail sale is deemed
37 to be facilitated by a marketplace facilitator when the marketplace
38 facilitator either:

39 (i) Accepts the order for the product;

1 (ii) Communicates to the marketplace seller the buyer's offer to
2 purchase the product;

3 (iii) Accepts the buyer's payment for the product; or

4 (iv) Delivers or arranges for delivery of the product.

5 (d) Where the marketplace facilitator is relieved of liability
6 under this subsection (6), the marketplace seller is also relieved of
7 liability for the amount of uncollected tax due, subject to the
8 limitations in subsection (7) of this section.

9 (e) The department may by rule determine the manner in which a
10 taxpayer may claim the liability relief provided under this
11 subsection.

12 (7) Except as otherwise provided in this section, a marketplace
13 seller obligated to collect the taxes imposed under this chapter and
14 chapter 82.12 RCW is not required to collect such taxes on all
15 taxable retail sales through a marketplace operated by a marketplace
16 facilitator if the marketplace seller has obtained documentation from
17 the marketplace facilitator indicating that the marketplace
18 facilitator is registered with the department and will collect all
19 applicable taxes due under this chapter and chapter 82.12 RCW on all
20 taxable retail sales made on behalf of the marketplace seller through
21 the marketplace operated by the marketplace facilitator. The
22 documentation required by this subsection (7) must be provided in a
23 form and manner prescribed by or acceptable to the department. This
24 subsection (7) does not relieve a marketplace seller from liability
25 for uncollected taxes due under this chapter or chapter 82.12 RCW
26 resulting from a marketplace facilitator's failure to collect the
27 proper amount of tax due when the error was due to incorrect
28 information given to the marketplace facilitator by the marketplace
29 seller.

30 (8) No class action may be brought against a marketplace
31 facilitator in any court of this state on behalf of purchasers
32 arising from or in any way related to an overpayment of sales or use
33 tax collected by the marketplace facilitator, regardless of whether
34 that claim is characterized as a tax refund claim. Nothing in this
35 subsection affects a purchaser's right to seek a refund from the
36 department as provided under chapter 82.32 RCW.

37 (9) Nothing in this section affects the obligation of any
38 purchaser to remit sales or use tax and any other applicable taxes
39 and fees, as to any applicable taxable transaction in which the
40 seller or the seller's agent does not collect and remit sales tax.

1 **Sec. 638.** RCW 82.08.052 and 2019 c 8 s 106 are each amended to
2 read as follows:

3 (1)(a) From October 1, 2018, through December 31, 2019, a seller
4 is obligated to collect and remit to the department the taxes imposed
5 under this chapter, except as otherwise provided in RCW 82.08.0531(2)
6 and this subsection, if the seller, in the current or immediately
7 preceding calendar year, had:

8 (i) More than one hundred thousand dollars of cumulative gross
9 receipts from this state;

10 (ii) Subject to the limitation in (c)(ii) of this subsection (1),
11 two hundred or more separate transactions for the delivery of
12 products into this state; or

13 (iii) Subject to the limitation in RCW 82.32.531, physical
14 presence in this state under RCW 82.04.067.

15 (b) Cumulative gross receipts counting toward the threshold in
16 (a)(i) of this subsection include a person's gross income of the
17 business from all retail sales made by the seller and sourced to this
18 state under RCW 82.32.730.

19 (c)(i) Transactions counting toward the threshold in (a)(ii) of
20 this subsection include all retail sales transactions made by the
21 seller and sourced to this state under RCW 82.32.730.

22 (ii) From March 14, 2019, a seller is relieved of the obligation
23 to collect the taxes imposed under this chapter and remit those taxes
24 to the department if that obligation arose solely based on the
25 threshold in (a)(ii) of this subsection.

26 (iii) For purposes of the threshold in (a)(ii) of this subsection
27 "transaction" means an agreement to furnish a product or products for
28 consideration, and includes a sale as defined in RCW 82.04.040.

29 (iv) The term "transaction" does not include an agreement if the
30 agreement is canceled or rescinded before any of the products are
31 delivered to the buyer or other recipient designated by the buyer,
32 the seller retains no part of the consideration from the buyer, and
33 the seller did not collect from the buyer any tax imposed or
34 authorized under this title.

35 (v) With regard to agreements requiring multiple payments by the
36 consumer, such as a lease, rental, or installment sale, such
37 agreements count as a single transaction for purposes of this
38 subsection, regardless of the number of payments required under the
39 agreement. However, any modification of such an agreement that

1 provides for additional payments is counted as an additional
2 transaction.

3 (d)(i) Subject to (b) and (c) of this subsection (1), for a
4 marketplace facilitator, receipts and transactions counting toward
5 the thresholds in (a)(i) and (ii) of this subsection include, in
6 addition to the cumulative gross receipts and separate transactions
7 of its own sales, the cumulative gross receipts and separate
8 transactions from sales by all marketplace sellers through the
9 marketplace facilitator's marketplace, including marketplace sellers
10 that are not obligated to collect the taxes under this chapter
11 pursuant to the provisions of this section.

12 (ii) For a purchase made by one consumer through a marketplace
13 facilitator, where the purchase involves sales by multiple
14 marketplace sellers, the purchase is deemed to be one transaction for
15 the marketplace facilitator and one transaction apiece for each
16 marketplace seller.

17 (2) Beginning January 1, 2020, a seller with a substantial nexus
18 with this state under RCW 82.04.067 is obligated to collect and remit
19 to the department the taxes imposed under this chapter.

20 (3)(a) For purposes of this section, the following definitions
21 apply:

22 (i) (~~"Apportionable income" has the same meaning as provided in~~
23 ~~RCW 82.04.460.~~

24 ~~(ii))~~ "Gross income of the business" has the same meaning as
25 provided in RCW 82.04.080.

26 ~~((iii))~~ (ii) "Product" has the same meaning as provided in RCW
27 82.32.023.

28 (b) The definitions in RCW 82.13.010 apply to this section
29 through June 30, 2019.

30 (4)(a) A seller whose obligation to collect the taxes imposed
31 under this chapter arises after October 1, 2018, must begin
32 collecting taxes imposed under this chapter as follows:

33 (i) For a remote seller, on the first day of the first calendar
34 month that is at least thirty days from the date that the remote
35 seller becomes required under subsection (1) or (2) of this section
36 to collect the taxes imposed under this chapter.

37 (ii) For a seller that has a physical presence in this state,
38 immediately upon establishing a tax collection obligation under
39 subsection (1)(a)(iii) or (2) of this section.

1 (b) Nothing in this subsection (4) affects the ongoing tax
2 collection obligation of any seller that was required, or elected, to
3 collect the taxes imposed under this chapter on or before October 1,
4 2018.

5 (5) This section is subject to RCW 82.32.762.

6 **Sec. 639.** RCW 82.08.0291 and 2015 c 169 s 4 are each amended to
7 read as follows:

8 (1) The tax imposed by RCW 82.08.020 does not apply to sales
9 defined as a sale at retail and retail sale under RCW 82.04.050
10 (3)(g) or (15), by a nonprofit youth organization, (~~as defined in~~
11 ~~RCW 82.04.4271,~~) to members of the organization; and the tax does
12 not apply to physical fitness classes provided by a local government.

13 (2) "Nonprofit youth organization" means a nonprofit organization
14 engaged in character building of youth that is exempt from property
15 tax under RCW 84.36.030.

16 **Sec. 640.** RCW 82.08.0311 and 1988 c 68 s 1 are each amended to
17 read as follows:

18 The tax levied by RCW 82.08.020 shall not apply to sales of
19 materials and supplies directly used in the packing of fresh
20 perishable horticultural products (~~by any person entitled to a~~
21 ~~deduction under RCW 82.04.4287~~) for farmers either as an agent or an
22 independent contractor.

23 **Sec. 641.** RCW 82.08.207 and 2019 c 426 s 6 are each amended to
24 read as follows:

25 (1) The tax imposed by RCW 82.08.020 does not apply to sales of
26 standard financial information to qualifying international investment
27 management companies or persons affiliated with a qualifying
28 international investment management company. The exemption provided
29 in this section applies regardless of whether the standard financial
30 information is provided to the buyer in a tangible format or on a
31 tangible storage medium or as a digital product transferred
32 electronically.

33 (2) Sellers making tax-exempt sales under this section must
34 obtain an exemption certificate from the buyer in a form and manner
35 prescribed by the department. The seller must retain a copy of the
36 exemption certificate for the seller's files. In lieu of an exemption
37 certificate, a seller may capture the relevant data elements as

1 allowed under the streamlined sales and use tax agreement. For
2 sellers who electronically file their taxes, the department must
3 provide a separate tax reporting line for exemption amounts claimed
4 under this section.

5 (3) A buyer may not continue to claim the exemption under this
6 section once the buyer has purchased standard financial information
7 during the current calendar year with an aggregate total selling
8 price in excess of fifteen million dollars and an exemption has been
9 claimed under this section or RCW 82.12.207 for such standard
10 financial information. The fifteen million dollar limitation under
11 this subsection does not apply to any other exemption under this
12 chapter that applies to standard financial information. Sellers are
13 not responsible for ensuring a buyer's compliance with the fifteen
14 million dollar limitation under this subsection. Sellers may not be
15 assessed for uncollected sales tax on a sale to a buyer claiming an
16 exemption under this section after having exceeded the fifteen
17 million dollar limitation under this subsection, except as provided
18 in RCW 82.08.050 (4) and (5).

19 (4) The definitions in this subsection and RCW 82.04.293 apply
20 throughout this section unless the context clearly requires
21 otherwise.

22 (a) "Qualifying international investment management company"
23 means a person who (~~is~~) would be eligible for the tax rate in RCW
24 82.04.290(1) were that statute still in effect.

25 (b) (i) "Standard financial information" means financial data,
26 facts, or information, or financial information services, not
27 generated, compiled, or developed only for a single customer.
28 Standard financial information includes, but is not limited to,
29 financial market data, bond ratings, credit ratings, and deposit,
30 loan, or mortgage reports.

31 (ii) For purposes of this subsection (4)(b), "financial market
32 data" means market pricing information, such as for securities,
33 commodities, and derivatives; corporate actions for publicly and
34 privately traded companies, such as dividend schedules and
35 reorganizations; corporate attributes, such as domicile, currencies
36 used, and exchanges where shares are traded; and currency
37 information.

38 (5) This section expires July 1, 2031.

1 **Sec. 642.** RCW 82.08.806 and 2020 c 139 s 16 are each amended to
2 read as follows:

3 (1) The tax levied by RCW 82.08.020 does not apply to sales, to a
4 printer or publisher, of computer equipment, including repair parts
5 and replacement parts for such equipment, when the computer equipment
6 is used primarily in the printing or publishing of any printed
7 material, or to sales of or charges made for labor and services
8 rendered in respect to installing, repairing, cleaning, altering, or
9 improving the computer equipment. This exemption applies only to
10 computer equipment not otherwise exempt under RCW 82.08.02565.

11 (2) A person taking the exemption under this section must keep
12 records necessary for the department to verify eligibility under this
13 section. This exemption is available only when the purchaser provides
14 the seller with an exemption certificate in a form and manner
15 prescribed by the department. The seller must retain a copy of the
16 certificate for the seller's files.

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

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

20 (b) "Computer equipment" means a computer and the associated
21 physical components that constitute a computer system, including
22 monitors, keyboards, printers, modems, scanners, pointing devices,
23 and other computer peripheral equipment, cables, servers, and
24 routers. "Computer equipment" also includes digital cameras and
25 computer software.

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

27 (d) "Primarily" means greater than fifty percent as measured by
28 time.

29 (e) "Printer or publisher" means a person(~~(, as defined in RCW~~
30 ~~82.04.030, who is subject to tax under RCW 82.04.260(14) or~~
31 ~~82.04.280(1)(a))~~ engaging in the business of printing materials or
32 of publishing newspapers, periodicals, or magazines as those terms
33 are defined in RCW 82.04.214 and 82.04.280.

34 (4) "Computer equipment" does not include computer equipment that
35 is used primarily for administrative purposes including but not
36 limited to payroll processing, accounting, customer service,
37 telemarketing, and collection. If computer equipment is used
38 simultaneously for administrative and nonadministrative purposes, the
39 administrative use must be disregarded during the period of

1 simultaneous use for purposes of determining whether the computer
2 equipment is used primarily for administrative purposes.

3 **Sec. 643.** RCW 82.08.820 and 2022 c 16 s 153 are each amended to
4 read as follows:

5 (1) Wholesalers or third-party warehouseers who own or operate
6 warehouses or grain elevators and retailers who own or operate
7 distribution centers, and who have paid the tax levied by RCW
8 82.08.020 on:

9 (a) Material-handling and racking equipment, and labor and
10 services rendered in respect to installing, repairing, cleaning,
11 altering, or improving the equipment; or

12 (b) Construction of a warehouse or grain elevator, including
13 materials, and including service and labor costs,
14 are eligible for an exemption in the form of a remittance. The amount
15 of the remittance is computed under subsection (3) of this section
16 and is based on the state share of sales tax.

17 (2) For purposes of this section and RCW 82.12.820:

18 (a) "Agricultural products" has the meaning given in RCW
19 82.04.213;

20 (b) "Construction" means the actual construction of a warehouse
21 or grain elevator that did not exist before the construction began.
22 "Construction" includes expansion if the expansion adds at least two
23 hundred thousand square feet of additional space to an existing
24 warehouse or additional storage capacity of at least one million
25 bushels to an existing grain elevator. "Construction" does not
26 include renovation, remodeling, or repair;

27 (c) "Department" means the department of revenue;

28 (d) "Distribution center" means a warehouse that is used
29 exclusively by a retailer solely for the storage and distribution of
30 finished goods to retail outlets of the retailer. "Distribution
31 center" does not include a warehouse at which retail sales occur;

32 (e) "Finished goods" means tangible personal property intended
33 for sale by a retailer or wholesaler. "Finished goods" does not
34 include:

35 (i) Agricultural products stored by wholesalers, third-party
36 warehouses, or retailers if the storage takes place on the land of
37 the person who produced the agricultural product;

38 (ii) Logs, minerals, petroleum, gas, or other extracted products
39 stored as raw materials or in bulk; or

1 (iii) Cannabis, useable cannabis, or cannabis-infused products;

2 (f) "Grain elevator" means a structure used for storage and
3 handling of grain in bulk;

4 (g) "Material-handling equipment and racking equipment" means
5 equipment in a warehouse or grain elevator that is primarily used to
6 handle, store, organize, convey, package, or repackage finished
7 goods. The term includes tangible personal property with a useful
8 life of one year or more that becomes an ingredient or component of
9 the equipment, including repair and replacement parts. The term does
10 not include equipment in offices, lunchrooms, restrooms, and other
11 like space, within a warehouse or grain elevator, or equipment used
12 for nonwarehousing purposes. "Material-handling equipment" includes
13 but is not limited to: Conveyers, carousels, lifts, positioners,
14 pick-up-and-place units, cranes, hoists, mechanical arms, and robots;
15 mechanized systems, including containers that are an integral part of
16 the system, whose purpose is to lift or move tangible personal
17 property; and automated handling, storage, and retrieval systems,
18 including computers that control them, whose purpose is to lift or
19 move tangible personal property; and forklifts and other off-the-road
20 vehicles that are used to lift or move tangible personal property and
21 that cannot be operated legally on roads and streets. "Racking
22 equipment" includes, but is not limited to, conveying systems,
23 chutes, shelves, racks, bins, drawers, pallets, and other containers
24 and storage devices that form a necessary part of the storage system;

25 (h) "Person" has the meaning given in RCW 82.04.030;

26 (i) "Retailer" means a person who makes "sales at retail" as
27 defined in chapter 82.04 RCW of tangible personal property;

28 (j) "Square footage" means the product of the two horizontal
29 dimensions of each floor of a specific warehouse. The entire
30 footprint of the warehouse must be measured in calculating the square
31 footage, including space that juts out from the building profile such
32 as loading docks. "Square footage" does not mean the aggregate of the
33 square footage of more than one warehouse at a location or the
34 aggregate of the square footage of warehouses at more than one
35 location;

36 (~~(k) ("Third-party warehouser" means a person taxable under RCW~~
37 ~~82.04.280(1)(d);~~

38 ~~(l))~~) "Warehouse" means an enclosed building or structure in
39 which finished goods are stored. A warehouse building or structure
40 may have more than one storage room and more than one floor. Office

1 space, lunchrooms, restrooms, and other space within the warehouse
2 and necessary for the operation of the warehouse are considered part
3 of the warehouse as are loading docks and other such space attached
4 to the building and used for handling of finished goods. Landscaping
5 and parking lots are not considered part of the warehouse. A storage
6 yard is not a warehouse, nor is a building in which manufacturing
7 takes place; and

8 ~~((m))~~ (1) "Wholesaler" means a person who makes "sales at
9 wholesale" as defined in chapter 82.04 RCW of tangible personal
10 property, but "wholesaler" does not include a ~~((person))~~ farmer who
11 makes sales ~~((exempt under RCW 82.04.330))~~ at wholesale of
12 agricultural products. The definitions in RCW 82.04.060 and 82.04.213
13 apply to this subsection (2)(1).

14 (3)(a) A person claiming an exemption from state tax in the form
15 of a remittance under this section must pay the tax imposed by RCW
16 82.08.020. The buyer may then apply to the department for remittance
17 of all or part of the tax paid under RCW 82.08.020. For grain
18 elevators with bushel capacity of one million but less than two
19 million, the remittance is equal to fifty percent of the amount of
20 tax paid. For warehouses with square footage of two hundred thousand
21 or more and for grain elevators with bushel capacity of two million
22 or more, the remittance is equal to one hundred percent of the amount
23 of tax paid for qualifying construction, materials, service, and
24 labor, and fifty percent of the amount of tax paid for qualifying
25 material-handling equipment and racking equipment, and labor and
26 services rendered in respect to installing, repairing, cleaning,
27 altering, or improving the equipment.

28 (b) The department must determine eligibility under this section
29 based on information provided by the buyer and through audit and
30 other administrative records. The buyer must on a quarterly basis
31 submit an information sheet, in a form and manner as required by the
32 department by rule, specifying the amount of exempted tax claimed and
33 the qualifying purchases or acquisitions for which the exemption is
34 claimed. The buyer must retain, in adequate detail to enable the
35 department to determine whether the equipment or construction meets
36 the criteria under this section: Invoices; proof of tax paid;
37 documents describing the material-handling equipment and racking
38 equipment; location and size of warehouses and grain elevators; and
39 construction invoices and documents.

1 (c) The department must on a quarterly basis remit exempted
2 amounts to qualifying persons who submitted applications during the
3 previous quarter.

4 (4) Warehouses, grain elevators, and material-handling equipment
5 and racking equipment for which an exemption, credit, or deferral has
6 been or is being received under chapter 82.60, 82.62, or 82.63 RCW or
7 RCW 82.08.02565 or 82.12.02565 are not eligible for any remittance
8 under this section. Warehouses and grain elevators upon which
9 construction was initiated before May 20, 1997, are not eligible for
10 a remittance under this section.

11 (5) The lessor or owner of a warehouse or grain elevator is not
12 eligible for a remittance under this section unless the underlying
13 ownership of the warehouse or grain elevator and the material-
14 handling equipment and racking equipment vests exclusively in the
15 same person, or unless the lessor by written contract agrees to pass
16 the economic benefit of the remittance to the lessee in the form of
17 reduced rent payments.

18 **Sec. 644.** RCW 82.08.830 and 1997 c 388 s 2 are each amended to
19 read as follows:

20 The tax levied by RCW 82.08.020 (~~shall~~) does not apply to a
21 sale of any of the following items made at a camp or conference
22 center (~~if the gross income from the sale is exempt under RCW~~
23 ~~82.04.363~~) conducted on property exempt from property tax under RCW
24 84.36.030 (1), (2), or (3):

25 (1) Lodging, conference and meeting rooms, camping facilities,
26 parking, and similar licenses to use real property;

27 (2) Food and meals; and

28 (3) Books, tapes, and other products, including books and other
29 products that are transferred electronically, that are available
30 exclusively to the participants at the camp, conference, or meeting
31 and are not available to the public at large.

32 **Sec. 645.** RCW 82.08.965 and 2017 3rd sp.s. c 37 s 510 are each
33 amended to read as follows:

34 (1) The tax levied by RCW 82.08.020 does not apply to charges
35 made for labor and services rendered in respect to the constructing
36 of new buildings used for the manufacturing of semiconductor
37 materials, to sales of tangible personal property that will be
38 incorporated as an ingredient or component of such buildings during

1 the course of the constructing, or to labor and services rendered in
2 respect to installing, during the course of constructing, building
3 fixtures not otherwise eligible for the exemption under RCW
4 82.08.02565(2)(b). The exemption is available only when the buyer
5 provides the seller with an exemption certificate in a form and
6 manner prescribed by the department. The seller must retain a copy of
7 the certificate for the seller's files.

8 (2) To be eligible under this section the manufacturer or
9 processor for hire must meet the following requirements for an eight-
10 year period, such period beginning the day the new building commences
11 commercial production, or a portion of tax otherwise due will be
12 immediately due and payable pursuant to subsection (3) of this
13 section:

14 (a) The manufacturer or processor for hire must maintain at least
15 seventy-five percent of full employment at the new building for which
16 the exemption under this section is claimed.

17 (b) Before commencing commercial production at a new facility the
18 manufacturer or processor for hire must meet with the department to
19 review projected employment levels in the new buildings. The
20 department, using information provided by the taxpayer, must make a
21 determination of the number of positions that would be filled at full
22 employment. This number must be used throughout the eight-year period
23 to determine whether any tax is to be repaid. This information is not
24 subject to the confidentiality provisions of RCW 82.32.330 and may be
25 disclosed to the public upon request.

26 (c) In those situations where a production building in existence
27 on the effective date of this section will be phased out of operation
28 during which time employment at the new building at the same site is
29 increased, the manufacturer or processor for hire must maintain
30 seventy-five percent of full employment at the manufacturing site
31 overall.

32 (d) No application is necessary for the tax exemption. The person
33 is subject to all the requirements of chapter 82.32 RCW. A person
34 claiming the exemption under this section must file a complete annual
35 tax performance report with the department under RCW 82.32.534.

36 (3) If the employment requirement is not met for any one calendar
37 year, one-eighth of the exempt sales and use taxes will be due and
38 payable by April 1st of the following year. The department must
39 assess interest to the date the tax was imposed, but not penalties,
40 on the taxes for which the person is not eligible.

1 (4) The exemption applies to new buildings, or parts of
2 buildings, that are used exclusively in the manufacturing of
3 semiconductor materials, including the storage of raw materials and
4 finished product.

5 (5) For the purposes of this section:

6 (a) "Commencement of commercial production" is deemed to have
7 occurred when the equipment and process qualifications in the new
8 building are completed and production for sale has begun.

9 (b) "Full employment" is the number of positions required for
10 full capacity production at the new building, for positions such as
11 line workers, engineers, and technicians.

12 (c) "Semiconductor materials" (~~has the same meaning as provided~~
13 ~~in RCW 82.04.240(2))~~ means silicon crystals, silicon ingots, raw
14 polished semiconductor wafers, compound semiconductors, integrated
15 circuits, and microchips.

16 (6) No exemption may be taken after the expiration date of this
17 section, however all of the eligibility criteria and limitations are
18 applicable to any exemptions claimed before that date.

19 (7) This section expires January 1, 2024, unless the contingency
20 in RCW 82.32.790(2) occurs.

21 **Sec. 646.** RCW 82.08.9651 and 2021 c 145 s 12 are each amended to
22 read as follows:

23 (1) The tax levied by RCW 82.08.020 does not apply to sales of
24 gases and chemicals used by a manufacturer or processor for hire in
25 the production of semiconductor materials. This exemption is limited
26 to gases and chemicals used in the production process to grow the
27 product, deposit or grow permanent or sacrificial layers on the
28 product, to etch or remove material from the product, to anneal the
29 product, to immerse the product, to clean the product, and other such
30 uses whereby the gases and chemicals come into direct contact with
31 the product during the production process, or uses of gases and
32 chemicals to clean the chambers and other like equipment in which
33 such processing takes place. For the purposes of this section,
34 "semiconductor materials" has the meaning provided in RCW 82.04.2404
35 and 82.04.294(~~(3)~~).

36 (2) A person claiming the exemption under this section must file
37 a complete annual tax performance report with the department under
38 RCW 82.32.534.

1 (3) No application is necessary for the tax exemption. The person
2 is subject to all of the requirements of chapter 82.32 RCW.

3 (4) Any person who has claimed the exemption under this section
4 must reimburse the department for fifty percent of the amount of the
5 tax preference under this section, if the number of persons employed
6 by the person claiming the tax preference is less than ninety percent
7 of the person's three-year employment average for the three years
8 immediately preceding the year in which the exemption is claimed.

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

10 **Sec. 647.** RCW 82.08.970 and 2017 3rd sp.s. c 37 s 520 are each
11 amended to read as follows:

12 (1) The tax levied by RCW 82.08.020 does not apply to sales of
13 gases and chemicals used by a manufacturer or processor for hire in
14 the manufacturing of semiconductor materials. This exemption is
15 limited to gases and chemicals used in the manufacturing process to
16 grow the product, deposit or grow permanent or sacrificial layers on
17 the product, to etch or remove material from the product, to anneal
18 the product, to immerse the product, to clean the product, and other
19 such uses whereby the gases and chemicals come into direct contact
20 with the product during the manufacturing process, or uses of gases
21 and chemicals to clean the chambers and other like equipment in which
22 such processing takes place. For the purposes of this section,
23 "semiconductor materials" (~~has the same meaning as provided in RCW~~
24 ~~82.04.240(2))~~) means silicon crystals, silicon ingots, raw polished
25 semiconductor wafers, compound semiconductors, integrated circuits,
26 and microchips.

27 (2) A person claiming the exemption under this section must file
28 a complete annual tax performance report with the department under
29 RCW 82.32.534. No application is necessary for the tax exemption. The
30 person is subject to all of the requirements of chapter 82.32 RCW.

31 (3) This section expires January 1, 2024, unless the contingency
32 in RCW 82.32.790(2) occurs.

33 **Sec. 648.** RCW 82.08.990 and 2007 c 477 s 3 are each amended to
34 read as follows:

35 (1) The tax imposed by RCW 82.08.020 does not apply to ((sales of
36 tangible personal property if the sale is exempt from business and
37 occupation tax under RCW 82.04.610));

38 (a) The sale of tangible personal property in export commerce; or

1 (b) The wholesale sale of tangible personal property in import
2 commerce, but only when the wholesale sale is:

3 (i) A sale of unroasted coffee beans; or

4 (ii) Between a parent company and its wholly owned subsidiary.

5 (2) Tangible personal property is in import commerce while the
6 property is in the process of import transportation. Except as
7 provided in (a) through (c) of this subsection, property is in the
8 process of import transportation from the time the property begins
9 its transportation at a point outside of the United States until the
10 time that the property is delivered to the buyer in this state.
11 Property is also in the process of import transportation if it is
12 merely flowing through this state on its way to a destination in some
13 other state or country. However, property is no longer in the process
14 of import transportation when the property is:

15 (a) Put to actual use in any state, territory, or possession of
16 the United States for any purpose;

17 (b) Resold by the importer or any other person after the property
18 has arrived in this state or any other state, territory, or
19 possession of the United States, regardless of whether the property
20 is in its original unbroken package or container; or

21 (c) Processed, handled, or otherwise stopped in transit for a
22 business purpose other than shipping needs, if the processing,
23 handling, or other stoppage of transit occurs within the United
24 States, including any of its possessions or territories, or the
25 territorial waters of this state or any other state, regardless of
26 whether the processing, handling, or other stoppage of transit occurs
27 within a foreign trade zone.

28 (3)(a) Tangible personal property is in export commerce when the
29 seller delivers the property to:

30 (i) The buyer at a destination in a foreign country;

31 (ii) A carrier consigned to and for transportation to a
32 destination in a foreign country;

33 (iii) The buyer at shipside or aboard the buyer's vessel or other
34 vehicle of transportation under circumstances where it is clear that
35 the process of exportation of the property has begun; or

36 (iv) The buyer in this state if the property is capable of being
37 transported to a foreign destination under its own power, the seller
38 files a shipper's export declaration with respect to the property
39 listing the seller as the exporter, and the buyer immediately
40 transports the property directly to a destination in a foreign

1 country. This subsection (3)(a)(iv) does not apply to sales of motor
2 vehicles as defined in RCW 46.04.320.

3 (b) The exemption under this subsection (3) applies with respect
4 to property delivered to the buyer in this state if, at the time of
5 delivery, there is a certainty of export, and the process of
6 exportation has begun. The process of exportation has not begun if
7 the property is merely in storage awaiting shipment, even though
8 there is reasonable certainty that the property will be exported. The
9 intention to export, as evidenced, for example, by financial and
10 contractual relationships does not indicate certainty of export. The
11 process of exportation begins when the property starts its final and
12 certain continuous movement to a destination in a foreign country.

13 (4) Persons claiming an exemption under this section must keep
14 and maintain records for the period required by
15 RCW 82.32.070 establishing their right to the exemption.

16 **Sec. 649.** RCW 82.12.02749 and 2020 c 139 s 19 are each amended
17 to read as follows:

18 The tax levied by RCW 82.08.020 does not apply to the use of
19 medical supplies, chemicals, or materials by an organ procurement
20 organization (~~(exempt under RCW 82.04.326)~~). The definitions of organ
21 procurement organization, medical supplies, chemicals, and materials
22 in RCW 82.08.02807 apply to this section. This exemption does not
23 apply to the use of construction materials, office equipment,
24 building equipment, administrative supplies, or vehicles.

25 **Sec. 650.** RCW 82.12.0311 and 1988 c 68 s 2 are each amended to
26 read as follows:

27 The provisions of this chapter (~~(shall)~~) do not apply with
28 respect to the use of materials and supplies directly used in the
29 packing of fresh perishable horticultural products (~~(by any person~~
30 ~~entitled to a deduction under RCW 82.04.4287)~~) for farmers, either as
31 an agent or an independent contractor.

32 **Sec. 651.** RCW 82.12.970 and 2017 3rd sp.s. c 37 s 522 are each
33 amended to read as follows:

34 (1) The provisions of this chapter do not apply with respect to
35 the use of gases and chemicals used by a manufacturer or processor
36 for hire in the manufacturing of semiconductor materials. This
37 exemption is limited to gases and chemicals used in the manufacturing

1 process to grow the product, deposit or grow permanent or sacrificial
2 layers on the product, to etch or remove material from the product,
3 to anneal the product, to immerse the product, to clean the product,
4 and other such uses whereby the gases and chemicals come into direct
5 contact with the product during the manufacturing process, or uses of
6 gases and chemicals to clean the chambers and other like equipment in
7 which such processing takes place. For purposes of this section,
8 "semiconductor materials" (~~(has the same meaning as provided in RCW~~
9 ~~82.04.240(2))~~) means silicon crystals, silicon ingots, raw polished
10 semiconductor wafers, compound semiconductors, integrated circuits,
11 and microchips.

12 (2) A person claiming the exemption under this section must file
13 a complete annual tax performance report with the department under
14 RCW 82.32.534. No application is necessary for the tax exemption. The
15 person is subject to all of the requirements of chapter 82.32 RCW.

16 (3) This section expires January 1, 2024, unless the contingency
17 in RCW 82.32.790(2) occurs.

18 **Sec. 652.** RCW 82.14B.061 and 2022 c 203 s 26 are each amended to
19 read as follows:

20 (1) The department must administer and adopt rules as may be
21 necessary to enforce and administer the state and county 911 excise
22 taxes imposed or authorized by this chapter. Chapter 82.32 RCW, with
23 the exception of RCW 82.32.045, 82.32.145, and 82.32.380, applies to
24 the administration, collection, and enforcement of the state and
25 county 911 excise taxes.

26 (2) The state and county 911 excise taxes imposed or authorized
27 by this chapter, along with reports and returns on forms prescribed
28 by the department, are due at the same time the taxpayer reports
29 other taxes under RCW 82.32.045 on the combined excise tax return. If
30 no other taxes are reported under RCW 82.32.045 on the combined
31 excise tax return, the taxpayer must remit tax on an annual basis in
32 accordance with RCW 82.32.045.

33 (3) The department may relieve any taxpayer or class of taxpayers
34 from the obligation of remitting monthly and may require the return
35 to cover other longer reporting periods, but in no event may returns
36 be filed for a period greater than one year.

37 (4) The state and county 911 excise taxes imposed or authorized
38 by this chapter are in addition to any taxes imposed upon the same
39 persons under chapters 82.08, 82.12, and 82.14 RCW.

1 (5) Returns must be filed electronically using the department's
2 online tax filing service or other method of electronic reporting as
3 the department may authorize as provided in RCW 82.32.080.

4 **Sec. 653.** RCW 82.16.0496 and 2022 c 182 s 308 are each amended
5 to read as follows:

6 (1) (a) (i) A person who is taxable under this chapter is allowed a
7 credit against the tax imposed in this chapter according to the gross
8 vehicle weight rating of the vehicle and the incremental cost of the
9 vehicle purchased above the purchase price of a comparable
10 conventionally fueled vehicle. The credit is limited, as set forth in
11 the table below, to the lesser of the incremental cost amount or the
12 maximum credit amount per vehicle purchased, and subject to a maximum
13 annual credit amount per vehicle class.

Gross Vehicle Weight	Incremental Cost Amount	Maximum Credit Amount Per Vehicle	Maximum Annual Credit Per Vehicle Class
Up to 14,000 pounds	75% of incremental cost	\$25,000	\$2,000,000
14,001 to 26,500 pounds	75% of incremental cost	\$50,000	\$2,000,000
Above 26,500 pounds	75% of incremental cost	\$100,000	\$2,000,000

19 (ii) A person who is taxable under this chapter is allowed a
20 credit against the tax imposed in this chapter for up to 50 percent
21 of the cost to purchase alternative fuel vehicle infrastructure,
22 tangible personal property that will become a component of
23 alternative fuel vehicle infrastructure, and installation and
24 construction of alternative fuel vehicle infrastructure, but
25 excluding the cost of property acquisition and site improvement
26 related to the installation of alternative fuel vehicle
27 infrastructure. The credit is subject to a maximum annual credit
28 amount of \$2,000,000.

29 (b) On September 1st of each year, any unused credits from any
30 category identified in (a) of this subsection must be made available
31 to applicants applying for credits under any other category
32 identified in (a) of this subsection, subject to the maximum annual
33 and total credit amounts identified in this subsection. The credit
34 established in this section ((and RCW 82.04.4496)) is subject to a
35 maximum annual credit amount of \$6,000,000, and a maximum total
36 credit amount of \$32,500,000 beginning July 15, 2015.

1 (c) The credit provided in (a)(i) of this subsection is available
2 for the lease of a vehicle. The credit amount for a leased vehicle is
3 equal to the credit in (a)(i) of this subsection multiplied by the
4 lease reduction factor. The person claiming the credit for a leased
5 vehicle must be the lessee as identified in the lease contract.

6 (2) A person who is taxable under this chapter is allowed,
7 subject to the maximum annual credit per category in subsection
8 (1)(a) of this section, a credit against the tax imposed in this
9 chapter for the lesser of \$25,000 or 50 percent of the costs of
10 converting a commercial vehicle to be principally powered by a clean
11 alternative fuel with a United States environmental protection agency
12 certified conversion.

13 (3) The total credits under subsection (1)(a)(i) of this section
14 may not exceed the lesser of \$250,000 or 25 vehicles per person per
15 calendar year.

16 ~~(4) ((A person may not receive credit under this section for
17 amounts claimed as credits under chapter 82.04 RCW.~~

18 ~~(5))~~ Credits are available on a first-in-time basis.

19 (a) The department must disallow any credits, or portion thereof,
20 that would cause the total amount of credits claimed under this
21 section(~~(, and RCW 82.04.4496,))~~) during any calendar year to exceed
22 \$6,000,000. The department must provide notification on its website
23 monthly on the amount of credits that have been applied for, the
24 amount issued, and the amount remaining before the statewide annual
25 limit is reached. In addition, the department must provide written
26 notice to any person who has applied to claim tax credits in excess
27 of the limitation in this subsection.

28 (b) The department must disallow any credits, or portion thereof,
29 that would cause the total amount of credits claimed beginning July
30 15, 2015, under this section (~~(and RCW 82.04.4496)~~) to exceed
31 \$32,500,000. The department must provide notification on its website
32 monthly on the total amount of credits that have been applied for,
33 the amount issued, and the amount remaining before the statewide
34 limit is reached. In addition, the department must provide written
35 notice to any person who has applied to claim tax credits in excess
36 of the limitation in this subsection.

37 ~~((6))~~ (5) For the purposes of the limits provided in this
38 section, a credit must be counted against such limits for the
39 calendar year in which the credit is earned.

1 (~~(7)~~) (6) To claim a credit under this section a person must
2 electronically file with the department all returns, forms, and any
3 other information required by the department, in an electronic format
4 as provided or approved by the department. No refunds may be granted
5 for credits under this section.

6 (~~(8)~~) (7) To claim a credit under this section, the person
7 applying must:

8 (a) Complete an application for the credit which must include:

9 (i) The name, business address, and tax identification number of
10 the applicant;

11 (ii) A quote or unexecuted copy of the purchase requisition or
12 order for the vehicle, infrastructure, infrastructure components,
13 infrastructure construction, or infrastructure installation;

14 (iii) The type of alternative fuel to be used by the vehicle or
15 supported by the infrastructure;

16 (iv) The incremental cost of the alternative fuel system for
17 vehicle credits;

18 (v) The anticipated delivery date of the vehicle, the anticipated
19 delivery date of the infrastructure or infrastructure components, the
20 anticipated construction completion date of the infrastructure, or
21 the anticipated installation completion date of the infrastructure;

22 (vi) The estimated annual fuel use of the vehicle in the
23 anticipated duties or the estimated annual fuel to be supplied by the
24 infrastructure;

25 (vii) The gross weight of each vehicle for vehicle credits;

26 (viii) For leased vehicles, a copy of the lease contract that
27 includes the gross capitalized cost, residual value, and name of the
28 lessee; and

29 (ix) Any other information deemed necessary by the department to
30 support administration or reporting of the program.

31 (b) Within 15 days of notice of credit availability from the
32 department, provide notice of intent to claim the credit including:

33 (i) A copy of the order for the vehicle or infrastructure-related
34 item, including the total cost for the vehicle or infrastructure-
35 related item;

36 (ii) The anticipated delivery date of the vehicle or
37 infrastructure or infrastructure component, which must be within one
38 year of acceptance of the credit;

1 (iii) The anticipated construction or installation completion
2 date of the infrastructure, which must be within two years of
3 acceptance of the credit; and

4 (iv) Any other information deemed necessary by the department to
5 support administration or reporting of the program.

6 (c) Provide final documentation within 30 days of receipt of the
7 vehicle or infrastructure or infrastructure components or of
8 completion of construction or installation of the infrastructure,
9 including:

10 (i) A copy of the final invoice for the vehicle or
11 infrastructure-related items;

12 (ii) A copy of the factory build sheet or equivalent
13 documentation;

14 (iii) The vehicle identification number of each vehicle;

15 (iv) The incremental cost of the alternative fuel system for
16 vehicle credits;

17 (v) Attestations signed by both the seller and purchaser of the
18 vehicle attesting that the incremental cost of the alternative fuel
19 system includes only the costs necessary for the vehicle to run on
20 alternative fuel and no other vehicle options, equipment, or costs;
21 and

22 (vi) Any other information deemed necessary by the department to
23 support administration or reporting of the program.

24 ~~((+9))~~ (8) A person applying for credit under subsection ~~((+8))~~
25 (7) of this section may apply for multiple vehicles on the same
26 application, but the application must include the required
27 information for each vehicle included in the application. A separate
28 application is required for infrastructure-related items, but all
29 infrastructure-related items at a single location may be included in
30 a single application provided the required information for each
31 infrastructure-related item is included in the application.

32 ~~((+10))~~ (9) To administer the credits, the department must, at a
33 minimum:

34 (a) Provide notification on its website monthly of the amount of
35 credits that have been applied for, claimed, and the amount remaining
36 before the statewide annual limit and total limit are reached;

37 (b) Within 15 days of receipt of the application, notify persons
38 applying of the availability of tax credits in the year in which the
39 vehicles or infrastructure applied for are anticipated to be
40 delivered, constructed, or installed;

1 (c) Within 15 days of receipt of the notice of intent to claim
2 the tax credit, notify the applicant of the approval, denial, or
3 missing information in their notice; and

4 (d) Within 15 days of receipt of final documentation, review the
5 documentation and notify the person applying of the acceptance of
6 their final documentation.

7 ~~((11))~~ (10) If a person fails to supply the information as
8 required in subsection ~~((8))~~ (7) of this section, the department
9 must deny the application.

10 ~~((12))~~ (11)(a) Taxpayers are only eligible for a credit under
11 this section based on:

12 (i) Sales or leases of new commercial vehicles and qualifying
13 used commercial vehicles with propulsion units that are principally
14 powered by a clean alternative fuel;

15 (ii) Costs to modify a commercial vehicle, including sales of
16 tangible personal property incorporated into the vehicle and labor or
17 service expenses incurred in modifying the vehicle, to be principally
18 powered by a clean alternative fuel; or

19 (iii) Sales of alternative fuel vehicle infrastructure or
20 infrastructure components, or the cost of construction or
21 installation of alternative fuel vehicle infrastructure.

22 (b) A credit is earned when the purchaser or the lessee takes
23 receipt of the qualifying commercial vehicle or infrastructure-
24 related item, the vehicle conversion is complete, or the construction
25 or installation of the infrastructure is complete.

26 ~~((13))~~ (12) The definitions in ~~((RCW—82.04.4496))~~ this
27 subsection apply to this section:

28 (a) "Alternative fuel vehicle infrastructure" means structures,
29 machinery, and equipment necessary and integral to support a clean
30 alternative fuel vehicle.

31 (b) "Auto transportation company" means any corporation or person
32 owning, controlling, operating, or managing any motor propelled
33 vehicle, used in the business of transporting persons for
34 compensation over public highways within the state of Washington,
35 between fixed points or over a regular route. For the purposes of
36 this section, "auto transportation company" also includes the
37 following categories of providers irrespective of whether they
38 provide service between fixed points or over a regular route:
39 "Private, nonprofit transportation provider" as defined in
40 RCW 81.66.010, "charter party carrier" as defined in RCW 81.70.020,

1 and paratransit service providers who primarily provide special needs
2 transportation to individuals with disabilities and the elderly.

3 (c) "Clean alternative fuel" means electricity, dimethyl ether,
4 hydrogen, methane, natural gas, liquefied natural gas, compressed
5 natural gas, or propane.

6 (d) "Commercial vehicle" means any commercial vehicle that is
7 purchased by a private business and that is used exclusively in the
8 provision of commercial services or the transportation of
9 commodities, merchandise, produce, refuse, freight, animals, or
10 passengers, and that is displaying a Washington state license plate.
11 All commercial vehicles that provide transportation to passengers
12 must be operated by an auto transportation company.

13 (e) "Gross capitalized cost" means the agreed-upon value of the
14 commercial vehicle and including any other items a person pays over
15 the lease term that are included in such cost.

16 (f) "Lease reduction factor" means the vehicle gross capitalized
17 cost less the residual value, divided by the gross capitalized cost.

18 (g) "Qualifying used commercial vehicle" means vehicles that:

19 (i) Have an odometer reading of less than 450,000 miles;

20 (ii) Are less than 10 years past their original date of
21 manufacture;

22 (iii) Were modified after the initial purchase with a United
23 States environmental protection agency certified conversion that
24 would allow the propulsion units to be principally powered by a clean
25 alternative fuel; and

26 (iv) Are being sold for the first time after modification.

27 (h) "Residual value" means the lease-end value of the vehicle as
28 determined by the lessor, at the end of the lease term included in
29 the lease contract.

30 ~~((14))~~ (13) A credit earned during one calendar year may be
31 carried over to be credited against taxes incurred in the subsequent
32 calendar year, but may not be carried over a second year.

33 ~~((15))~~ (14) Credits may be earned under this section from
34 January 1, 2016, until the maximum total credit amount in subsection
35 (1)(b) of this section is reached, except for credits for leased
36 vehicles, which may be earned from July 1, 2016, until the maximum
37 total credit amount in subsection (1)(b) of this section is reached.

38 **Sec. 654.** RCW 82.16.100 and 2001 c 320 s 8 are each amended to
39 read as follows:

1 The business of collection, receipt, transfer, including
2 transportation between any locations, storage, or disposal of solid
3 waste is not subject to this chapter. Any such business activities
4 are subject to taxation under (~~the classification in RCW~~
5 ~~82.04.290(2)~~) chapter 82.04 RCW. "Solid waste" for purposes of this
6 section is defined in RCW 82.18.010.

7 **Sec. 655.** RCW 82.16.325 and 2022 c 119 s 2 are each amended to
8 read as follows:

9 (1) This chapter shall not apply to any person hauling
10 agricultural products or farm machinery or equipment for a farmer or
11 for a person performing custom farming services, when the person
12 providing the hauling and the farmer or person performing custom
13 farming services are related.

14 (2) The exemption provided by this section shall not apply to the
15 hauling of any substances or articles manufactured from agricultural
16 products. For the purposes of this subsection, "manufactured" has the
17 same meaning as "to manufacture" in RCW 82.04.120.

18 (3) (a) "Custom farming services" means the performance of
19 specific farming operations through the use of any farm machinery or
20 equipment, farm implement, or draft animal, together with an
21 operator, when: (i) The specific farming operation consists of
22 activities directly related to the growing, raising, or producing of
23 any agricultural product to be sold or consumed by a farmer; and (ii)
24 the performance of the specific farming operation is for, and under a
25 contract with, or the direction or supervision of, a farmer. "Custom
26 farming services" does not include the custom application of
27 fertilizers, chemicals, or biologicals, or any services related to
28 the growing, raising, or producing of cannabis. For the purposes of
29 this subsection (3) (a), "specific farming operation" includes
30 specific planting, cultivating, or harvesting activities, or similar
31 specific farming operations. "Specific farming operation" does not
32 include veterinary services as described in RCW 18.92.010; farrier,
33 boarding, training, or appraisal services; artificial insemination or
34 stud services, or agricultural consulting services; packing or
35 processing of agricultural products; or pumping or other waste
36 disposal services.

37 (b) "Eligible farmer" means a person who is eligible for an
38 exemption certificate under RCW 82.08.855 at the time that the custom

1 farming services are rendered, regardless of whether the person has
2 applied for an exemption certificate under RCW 82.08.855.

3 (c) "Farm management services" means the consultative decisions
4 made for the operations of the farm including, but not limited to,
5 determining which crops to plant, the choice and timing of
6 application of fertilizers and chemicals, the horticultural practices
7 to apply, the marketing of crops and livestock, and the care and
8 feeding of animals. "Farm management services" does not include any
9 services related to the growing, raising, or producing of cannabis.

10 (d) "Related" means having any of the relationships specifically
11 described in section 267(b) (1), (2), and (4) through (13) of the
12 internal revenue code as of January 1, 2007.

13 (4) The definitions in RCW 82.04.213 ((and 82.04.758)) apply to
14 this section.

15 **Sec. 656.** RCW 82.19.050 and 2005 c 289 s 1 are each amended to
16 read as follows:

17 The litter tax imposed in this chapter does not apply to:

18 (1) The manufacture or sale of products for use and consumption
19 outside the state;

20 (2) The value of products or gross proceeds of the ~~((sales exempt~~
21 ~~from tax under RCW 82.04.330))~~ wholesale sale of agricultural
22 products by a farmer;

23 (3) (a) The sale of products for resale by a qualified grocery
24 distribution cooperative to customer-owners of the grocery
25 distribution cooperative.

26 (b) For the purposes of this ~~((section, "qualified grocery~~
27 ~~distribution cooperative" and "customer-owner" have the meanings~~
28 ~~given in RCW 82.04.298))~~ subsection:

29 (i) "Qualified grocery distribution cooperative" means:

30 (A) A grocery distribution cooperative that has been determined
31 by a court of record of the state of Washington to not be engaged in
32 making sales at wholesale, within the meaning of RCW 82.04.060 or any
33 similar provision of a municipal ordinance that imposes a tax on
34 gross receipts, gross proceeds of sales, or gross income, with
35 respect to purchases made by customer-owners, and subsequently
36 changes its form of doing business to make sales at wholesale of
37 groceries or related items to its customer-owners; or

1 (B) A grocery distribution cooperative that has acquired
2 substantially all of the assets of a grocery distribution cooperative
3 described in (b) (i) (A) of this subsection (3).

4 (ii) "Customer-owner" means a person who has an ownership
5 interest in a grocery distribution cooperative and purchases
6 groceries and related items at wholesale from that grocery
7 distribution cooperative;

8 (4) The sale of food or beverages by retailers that are sold
9 solely for immediate consumption indoors at the seller's place of
10 business or at a deck or patio at the seller's place of business, or
11 indoors at an eating area that is contiguous to the seller's place of
12 business; or

13 (5) (a) The sale of prepared food or beverages by caterers where
14 the food or beverages are to be served for immediate consumption in
15 or on individual nonsingle use containers at premises occupied or
16 controlled by the customer.

17 (b) For the purposes of this subsection, the following
18 definitions apply:

19 (i) "Prepared food" has the same meaning as provided in RCW
20 82.08.0293.

21 (ii) "Nonsingle use container" means a receptacle for holding a
22 single individual's food or beverage that is designed to be used more
23 than once. Nonsingle use containers do not include pizza delivery
24 bags and similar insulated containers that do not directly contact
25 the food. Nonsingle use containers do not include plastic or paper
26 plates or other containers that are disposable.

27 (iii) "Caterer" means a person contracted to prepare food where
28 the final cooking or serving occurs at a location selected by the
29 customer.

30 **Sec. 657.** RCW 82.29A.137 and 2017 c 135 s 35 are each amended to
31 read as follows:

32 (1) All leasehold interests in port district facilities exempt
33 from tax under RCW 82.08.980 or 82.12.980 and used by a manufacturer
34 engaged in the manufacturing of superefficient airplanes, as defined
35 in RCW 82.32.550, are exempt from tax under this chapter. (~~(A person~~
36 ~~claiming the credit under RCW 82.04.4463 is not eligible for the~~
37 ~~exemption under this section.))~~

38 (2) In addition to all other requirements under this title, a
39 person claiming the exemption under this section must file a complete

1 annual tax performance report with the department under RCW
2 82.32.534.

3 (3) This section expires July 1, 2040.

4 **Sec. 658.** RCW 82.32.030 and 2017 c 323 s 505 are each amended to
5 read as follows:

6 (1) Except as provided in subsections (2) and (3) of this
7 section, if any person engages in any business or performs any act
8 upon which a tax is imposed by the preceding chapters, ~~((he or she))~~
9 that person must, under such rules as the department prescribes,
10 apply for and obtain from the department a registration certificate.
11 Such registration certificate is personal and nontransferable and is
12 valid as long as the ~~((taxpayer))~~ person continues in business and
13 pays the tax accrued to the state. In case business is transacted at
14 two or more separate places by one ~~((taxpayer))~~ person, a separate
15 registration certificate for each place at which business is
16 transacted with the public is required. Each certificate must be
17 numbered and must show the name, residence, and place and character
18 of business of the ~~((taxpayer))~~ person and such other information as
19 the department of revenue deems necessary and must be posted in a
20 conspicuous place at the place of business for which it is issued.
21 Where a place of business of the ~~((taxpayer))~~ person is changed, the
22 ~~((taxpayer))~~ person must return to the department the existing
23 certificate, and a new certificate will be issued for the new place
24 of business. No person required to be registered under this section
25 may engage in any business taxable hereunder without first being so
26 registered. The department, by rule, may provide for the issuance of
27 certificates of registration to temporary places of business.

28 (2) Unless the person is a dealer as defined in RCW 9.41.010,
29 registration under this section is not required if the following
30 conditions are met:

31 (a) ~~((A))~~ (i) The person does not have substantial nexus with
32 this state under RCW 82.04.067; or

33 (ii) For a person with substantial nexus with this state under
34 RCW 82.04.067(1) (a), (b), or (c) (ii), the person's value of
35 products, gross proceeds of sales, or gross income of the business,
36 from all business activities taxable under chapter 82.04 RCW, is less
37 than twelve thousand dollars per year;

1 (b) The person's gross income of the business from all activities
2 taxable under chapter 82.16 RCW is less than twelve thousand dollars
3 per year;

4 (c) The person is not required to collect or pay to the
5 department of revenue any other tax or fee that the department is
6 authorized to collect; and

7 (d) The person is not otherwise required to obtain a license
8 subject to the business license application procedure provided in
9 chapter 19.02 RCW.

10 (3) All persons who agree to collect and remit sales and use tax
11 to the department under the agreement must register through the
12 central registration system authorized under the agreement. Persons
13 required to register under subsection (1) of this section are not
14 relieved of that requirement because of registration under this
15 subsection (3).

16 (4) Persons registered under subsection (3) of this section who
17 are not required to register under subsection (1) of this section and
18 who are not otherwise subject to the requirements of chapter 19.02
19 RCW are not subject to the fees imposed by the department under the
20 authority of RCW 19.02.075.

21 **Sec. 659.** RCW 82.32.450 and 2001 c 214 s 12 are each amended to
22 read as follows:

23 (1) The total combined credits and deferrals that may be taken
24 under RCW ((~~82.04.447~~)) 82.12.024((~~r~~)) and 82.16.0495 shall not
25 exceed two million five hundred thousand dollars in any fiscal year.
26 Each ((~~person~~)) taxpayer is limited to no more than a total of one
27 million five hundred thousand dollars in tax deferred and credit
28 allowed in any fiscal year in which more than one ((~~person~~)) taxpayer
29 takes tax credits and claims tax deferral. The department may require
30 reporting of the credits taken and amounts deferred in a manner and
31 form as is necessary to keep a running total of the amounts.

32 (2) Credits and deferred tax are available on a first come basis.
33 Priority for tax credits and deferrals among approved applicants
34 shall be designated based on the first actual consumption of gas
35 under RCW ((~~82.04.447~~ or)) 82.12.024, or on the first actual use of
36 electricity under RCW 82.16.0495, by each approved applicant. The
37 department shall disallow any credits or deferred tax, or portion
38 thereof, that would cause the total amount of credits taken and
39 deferred taxes claimed to exceed the fiscal year cap or to exceed the

1 per ((~~person~~)) taxpayer fiscal year cap. If the fiscal cap is reached
2 or exceeded(~~(+7)~~), the department shall notify those ((~~persons~~))
3 taxpayers who have approved applications under RCW ((~~82.04.447~~))
4 82.12.024(~~(7)~~) and 82.16.0495 that no more credits may be taken or
5 tax deferred during the remainder of the fiscal year. In addition,
6 the department shall provide written notice to any ((~~person~~))
7 taxpayer who has taken any tax credits or claimed any deferred tax in
8 excess of the fiscal year cap. The notice shall indicate the amount
9 of tax due and shall provide that the tax be paid within thirty days
10 from the date of such notice.

11 (3) No portion of an application for credit or deferral
12 disallowed under this section may be carried back or carried forward
13 nor may taxes ineligible for credit or deferral due to the fiscal cap
14 having been reached or exceeded be carried forward or carried
15 backward.

16 **Sec. 660.** RCW 82.32.534 and 2022 c 56 s 10 are each amended to
17 read as follows:

18 (1)(a)(i) Beginning in calendar year 2018, every ((~~person~~))
19 taxpayer claiming a tax preference that requires an annual tax
20 performance report under this section must file a complete annual
21 report with the department. The report is due by May 31st of the year
22 following any calendar year in which a ((~~person~~)) taxpayer becomes
23 eligible to claim the tax preference that requires a report under
24 this section.

25 (ii) If the tax preference is a deferral of tax, the first annual
26 tax performance report must be filed by May 31st of the calendar year
27 following the calendar year in which the investment project is
28 certified by the department as operationally complete. An annual tax
29 performance report must also be filed by May 31st of each succeeding
30 calendar year through the calendar year in which the deferred taxes
31 are fully repaid or are immediately due and payable because the
32 recipient of the deferral is no longer eligible for the deferral.

33 (iii) The department may extend the due date for timely filing of
34 annual reports under this section as provided in RCW 82.32.590.

35 (b) The report must include information detailing employment and
36 wages for employment positions in Washington for the year that the
37 tax preference was claimed. However, ((~~persons~~)) taxpayers engaged in
38 manufacturing commercial airplanes or components of such airplanes
39 may report employment and wage information per job at the

1 manufacturing site for the year that the tax preference was claimed.
2 The report must not include names of employees. The report must also
3 detail employment by the total number of full-time, part-time, and
4 temporary positions for the year that the tax preference was claimed.
5 In lieu of reporting employment and wage data required under this
6 subsection, taxpayers may instead opt to allow the employment
7 security department to release the same employment and wage
8 information from unemployment insurance records to the department and
9 the joint legislative audit and review committee. This option is
10 intended to reduce the reporting burden for taxpayers, and each
11 taxpayer electing to use this option must affirm that election in
12 accordance with procedures approved by the employment security
13 department.

14 (c) (~~(Persons)~~) Taxpayers receiving the benefit of the tax
15 preference provided by RCW 82.16.0421 or claiming any of the tax
16 preferences provided by RCW (~~(82.04.2909, 82.04.4481,)~~) 82.08.805,
17 82.12.805, or 82.12.022(5) must indicate on the annual report the
18 quantity of product produced in this state during the time period
19 covered by the report.

20 (d) If a (~~(person)~~) taxpayer filing a report under this section
21 did not file a report with the department in the previous calendar
22 year, the report filed under this section must also include
23 employment and wage information for the calendar year immediately
24 preceding the calendar year for which a tax preference was claimed.

25 (2) (a) As part of the annual report, the department and the joint
26 legislative audit and review committee may request additional
27 information necessary to measure the results of, or determine
28 eligibility for, the tax preference.

29 (b) The report must include the amount of the tax preference
30 claimed for the calendar year covered by the report. For a (~~(person)~~)
31 taxpayer that claimed an exemption provided in RCW 82.08.025651 or
32 82.12.025651, the report must include the amount of tax exempted
33 under those sections in the prior calendar year for each general area
34 or category of research and development for which exempt machinery
35 and equipment and labor and services were acquired in the prior
36 calendar year.

37 (3) Other than information requested under subsection (2) (a) of
38 this section, the information contained in an annual report filed
39 under this section is not subject to the confidentiality provisions
40 of RCW 82.32.330 and may be disclosed to the public upon request.

1 (4) (a) Except as otherwise provided by law, if a ((~~person~~))
2 taxpayer claims a tax preference that requires an annual report under
3 this section but fails to submit a complete report by the due date or
4 any extension under RCW 82.32.590, the department must declare:

5 (i) Thirty-five percent of the amount of the tax preference
6 claimed for the previous calendar year to be immediately due and
7 payable;

8 (ii) An additional fifteen percent of the amount of the tax
9 preference claimed for the previous calendar year to be immediately
10 due and payable if the ((~~person~~)) taxpayer has previously been
11 assessed under this subsection (4) for failure to submit a report
12 under this section for the same tax preference; and

13 (iii) If the tax preference is a deferral of tax, the amount
14 immediately due under this subsection is the deferred tax divided by
15 the number of years in the repayment period. If the economic benefits
16 of the deferral are passed to a lessee, the lessee is responsible for
17 payment to the extent the lessee has received the economic benefit.

18 (b) The department may not assess interest or penalties on
19 amounts due under this subsection.

20 (5) The department must use the information from this section to
21 prepare summary descriptive statistics by category. No fewer than
22 three taxpayers may be included in any category. The department must
23 report these statistics to the legislature each year by December
24 31st.

25 (6) For the purposes of this section:

26 (a) "Person" has the meaning provided in RCW 82.04.030 and also
27 includes the state and its departments and institutions.

28 (b) "Tax preference" has the meaning provided in RCW 43.136.021
29 and includes only the tax preferences requiring a report under this
30 section.

31 **Sec. 661.** RCW 82.32.537 and 2017 3rd sp.s. c 37 s 708 are each
32 amended to read as follows:

33 (1) (a) A silicon smelter operated by a ((~~person~~)) taxpayer
34 required to submit an annual survey or report under RCW 82.16.315((~~7~~
35 ~~82.04.5457~~)) or 82.12.022 must repay an amount equal to the entire
36 economic benefit accruing to the ((~~person~~)) taxpayer for the previous
37 two calendar years due to the tax preferences under RCW 82.16.315((~~7~~
38 ~~82.04.5457~~)) or 82.12.022 if:

1 (i) The average number of employment positions at a silicon
2 smelter operated by the ((~~person~~)) taxpayer is less than one hundred
3 employment positions, as reported to the employment security
4 department for the previous two calendar years; and

5 (ii) The average annual wage for all employment positions is
6 equal to or less than the average annual wage for the county in which
7 the silicon smelter operation is located for the previous two
8 calendar years. The department must use the finalized 2015 county
9 wage data from the census of employment and wages as reported by the
10 employment security department.

11 (b) The department must make the determinations under (a)(i) and
12 (ii) of this subsection (1) by August 31, 2023.

13 (2) If any tax preference amounts must be repaid under subsection
14 (1) of this section, the department must declare the tax preference
15 amounts to be immediately due and payable. The department must assess
16 interest, but not penalties, on the amounts due under this
17 subsection. The department must assess interest at the rate provided
18 for delinquent taxes under this chapter, retroactively to the date
19 the tax preference was claimed, and such interest accrues until the
20 tax preference amounts are repaid.

21 (3) If any tax preference amounts must be repaid under subsection
22 (1) of this section, the ((~~person~~)) taxpayer may not continue to
23 benefit from the tax preferences under RCW 82.16.315(~~(, 82.04.545,)~~)
24 or 82.12.022.

25 **Sec. 662.** RCW 82.32.670 and 2017 c 323 s 401 are each amended to
26 read as follows:

27 (1)(a) Automated sales suppression devices, phantom-ware,
28 electronic cash registers or point of sale systems used with
29 automated sales suppression devices or phantom-ware, and any property
30 constituting proceeds traceable to any violation of RCW 82.32.290(4)
31 are considered contraband and are subject to seizure and forfeiture.

32 (b) Property subject to forfeiture under (a) of this subsection
33 (1) may be seized by any agent of the department authorized to assess
34 or collect taxes, or law enforcement officer of this state, upon
35 process issued by any superior court or district court having
36 jurisdiction over the property. Seizure without process may be made
37 if:

38 (i) The seizure is incident to an arrest or a search under a
39 search warrant; or

1 (ii) The department or the law enforcement officer has probable
2 cause to believe that the property was used or is intended to be used
3 in violation of RCW 82.32.290(4) and exigent circumstances exist
4 making procurement of a search warrant impracticable.

5 (2) Forfeiture authorized by this section is deemed to have
6 commenced by the seizure. Notice of seizure must be given to the
7 department if the seizure is made by a law enforcement officer
8 without the presence of any agent of the department. The department
9 must cause notice of the seizure and intended forfeiture to be served
10 on the owner of the property seized, if known, and on any other
11 person known by the department to have a right or interest in the
12 seized property. Such service must be made within fifteen days
13 following the seizure or the department's receipt of notification of
14 the seizure. The notice may be served by any method authorized by law
15 or court rule, by certified mail with return receipt requested, or
16 electronically in accordance with RCW 82.32.135. Service by certified
17 mail or electronic means is deemed complete upon mailing the notice,
18 electronically sending the notice, or electronically notifying the
19 person or persons entitled to the notice that the notice is available
20 to be accessed by the person or persons, within the fifteen-day
21 period following the seizure or the department's receipt of
22 notification of the seizure.

23 (3) If no person notifies the department in writing of the
24 person's claim of lawful ownership or right to lawful possession of
25 the item or items seized within thirty days of the date of service of
26 the notice of seizure and intended forfeiture, the item or items
27 seized are deemed forfeited.

28 (4) (a) If any person notifies the department, in writing, of the
29 person's claim of lawful ownership or lawful right to possession of
30 the item or items seized within thirty days of the date of service of
31 the notice of seizure and intended forfeiture, the person or persons
32 must be afforded a reasonable opportunity to be heard as to the
33 claim. The hearing must be before the director or the director's
34 designee. A hearing and any administrative or judicial review is
35 governed by chapter 34.05 RCW. The burden of proof by a preponderance
36 of the evidence is upon the person claiming to be the lawful owner or
37 the person claiming to have the lawful right to possession of the
38 item or items seized.

39 (b) The department must return the item or items to the claimant
40 as soon as possible upon a determination that the claimant is the

1 present lawful owner or is lawfully entitled to possession of the
2 item or items seized.

3 (5) When property is sought to be forfeited on the ground that it
4 constitutes proceeds traceable to a violation of RCW 82.32.290(4),
5 the department must prove by a preponderance of the evidence that the
6 property constitutes proceeds traceable to a violation of RCW
7 82.32.290(4).

8 (6)(a) When automated sales suppression devices or phantom-ware
9 voluntarily surrendered to an agent of the department, or property
10 forfeited under this section, other than proceeds traceable to a
11 violation of RCW 82.32.290(4), is no longer required for evidentiary
12 purposes, the department may:

13 (i) Destroy or have the property destroyed;

14 (ii) Retain the property for training or other official purposes;
15 or

16 (iii) Loan or give the property to any law enforcement or tax
17 administration agency of any state, political subdivision or
18 municipal corporation of a state, or the United States for training
19 or other official purposes. For purposes of this subsection
20 (6)(a)(iii), "state" has the same meaning as in (~~RCW 82.04.462~~)
21 section 208 of this act.

22 (b) When proceeds traceable to a violation of RCW 82.32.290(4)
23 forfeited under this section are no longer required for evidentiary
24 purposes, they must be deposited into the general fund.

25 (7) The definitions in this subsection apply to this section:

26 (a) "Automated sales suppression device" means a software program
27 that falsifies the electronic records of electronic cash registers or
28 other point of sale systems, including transaction data and
29 transaction reports. The term includes the software program, any
30 device that carries the software program, or an internet link to the
31 software program.

32 (b) "Electronic cash register" means a device that keeps a
33 register or supporting documents through the means of an electronic
34 device or computer system designed to record transaction data for the
35 purpose of computing, compiling, or processing sales transaction data
36 in whatever manner.

37 (c) "Phantom-ware" means a programming option that is hidden,
38 preinstalled, or installed-at-a-later-time in the operating system of
39 an electronic cash register or other point of sale device, or
40 hardwired into the electronic cash register or other point of sale

1 device, and that can be used to create a virtual second till or may
2 eliminate or manipulate transaction reports that may or may not be
3 preserved in digital formats to represent the true or manipulated
4 record of transactions in the electronic cash register or other point
5 of sale device.

6 (d) "Transaction data" means information about sales
7 transactions, including items purchased by a customer, the price for
8 each item, a taxability determination for each item, a segregated tax
9 amount for each of the taxed items, the amount of cash or credit
10 tendered, the net amount returned to the customer in change, the date
11 and time of the purchase, the name, address, and identification
12 number of the vendor, and the receipt or invoice number of the
13 transaction.

14 (e) "Transaction reports" means a report that includes
15 information associated with sales transactions, taxes collected,
16 media totals, and discount voids at an electronic cash register that
17 can be printed on cash register tape at the end of a day or shift, or
18 a report documenting every action at an electronic cash register or
19 other point of sale device and that is stored electronically.

20 **Sec. 663.** RCW 82.32.710 and 2017 c 135 s 7 are each amended to
21 read as follows:

22 (1) A client under the terms of a professional employer agreement
23 is deemed to be the sole employer of a covered employee for purposes
24 of eligibility for any tax credit, exemption, or other tax incentive,
25 arising as the result of the employment of covered employees,
26 provided in RCW (~~(82.04.4333, 82.04.44525, 82.04.448, 82.04.4483,)~~)
27 82.08.965, 82.12.965, 82.16.0495, or 82.60.049 or chapter 82.62 or
28 82.70 RCW, or any other provision in this title. A client, and not
29 the professional employer organization, is entitled to the benefit of
30 any tax credit, exemption, or other tax incentive arising as the
31 result of the employment of covered employees of that client.

32 (2) A client under the terms of a professional employer agreement
33 is deemed to be the sole employer of a covered employee for purposes
34 of tax performance reports that require the reporting of employment
35 information relating to covered employees of the client, as provided
36 in RCW 82.32.534. A client, and not the professional employer
37 organization, is required to complete any tax performance report that
38 requires the reporting of employment information relating to covered
39 employees of that client.

1 (3) For the purposes of this section, "client," "covered
2 employee," "professional employer agreement," and "professional
3 employer organization" have the same meanings as in RCW 82.04.540.

4 **Sec. 664.** RCW 82.32.790 and 2022 c 56 s 11 are each amended to
5 read as follows:

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

14 (b) For the purposes of this section:

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

17 (ii) "Semiconductor microchip fabrication" means (~~("manufacturing
18 semiconductor microchips" as defined in RCW 82.04.426)~~) taking raw
19 polished semiconductor wafers and embedding integrated circuits on
20 the wafers using processes such as masking, etching, and diffusion.

21 (iii) "Significant" means the combined investment of new
22 buildings and new machinery and equipment in the buildings, at the
23 commencement of commercial production, will be at least one billion
24 dollars.

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

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

35 (b) If, after making a determination that a contract has been
36 signed and the sections referenced in subsection (1) of this section
37 are effective, the department discovers that commencement of
38 commercial production did not take place within three years of the
39 date the contract was signed, the department must make a

1 determination that chapter 149, Laws of 2003 (~~is~~) and the sections
2 referenced in subsection (1) of this section are no longer effective,
3 and all taxes that would have been otherwise due are deemed deferred
4 taxes and are immediately assessed and payable from any person
5 (~~reporting tax under RCW 82.04.240(2) or~~) claiming an exemption or
6 credit under RCW (~~(82.04.426, 82.04.448,)~~) 82.08.965, 82.12.965,
7 82.08.970, 82.12.970, or 84.36.645. The department is not authorized
8 to make a second determination regarding the effective date of the
9 sections referenced in subsection (1) of this section.

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

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

17 **Sec. 665.** RCW 82.45.195 and 2014 c 97 s 308 are each amended to
18 read as follows:

19 A sale of standing timber is exempt from tax under this chapter
20 if the gross income from such sale is taxable under RCW
21 (~~(82.04.260(12)(d))~~) 82.04.261.

22 **Sec. 666.** RCW 84.36.645 and 2017 3rd sp.s. c 37 s 514 are each
23 amended to read as follows:

24 (1) Machinery and equipment exempt under RCW 82.08.02565 or
25 82.12.02565 used in manufacturing semiconductor materials at a
26 building exempt from sales and use tax and in compliance with the
27 employment requirement under RCW 82.08.965 and 82.12.965 are exempt
28 from property taxation. "Semiconductor materials" has the same
29 meaning as provided in RCW (~~(82.04.240(2))~~) 82.08.965.

30 (2) A person seeking this exemption must make application to the
31 county assessor, on forms prescribed by the department.

32 (3) A person claiming an exemption under this section must file a
33 complete annual tax performance report with the department under RCW
34 82.32.534.

35 (4) This section is effective for taxes levied for collection one
36 year after the effective date of section 150, chapter 114, Laws of
37 2010 and thereafter.

1 (5) This section expires January 1, 2024, unless the contingency
2 in RCW 82.32.790(2) occurs.

3 **Sec. 667.** RCW 84.36.655 and 2017 c 135 s 46 are each amended to
4 read as follows:

5 (1) Effective January 1, 2005, all buildings, machinery,
6 equipment, and other personal property of a lessee of a port district
7 eligible under RCW 82.08.980 and 82.12.980, used exclusively in
8 manufacturing superefficient airplanes, are exempt from property
9 taxation. (~~A person taking the credit under RCW 82.04.4463 is not~~
10 ~~eligible for the exemption under this section.~~) For the purposes of
11 this section, "superefficient airplane" and "component" have the
12 meanings given in RCW 82.32.550.

13 (2) In addition to all other requirements under this title, a
14 person claiming the exemption under this section must file a complete
15 annual tax performance report with the department under RCW
16 82.32.534.

17 (3) Claims for exemption authorized by this section must be filed
18 with the county assessor on forms prescribed by the department and
19 furnished by the assessor. The assessor must verify and approve
20 claims as the assessor determines to be justified and in accordance
21 with this section. No claims may be filed after December 31, 2039.
22 The department may adopt rules, under the provisions of chapter 34.05
23 RCW, as necessary to properly administer this section.

24 (4) This section applies to taxes levied for collection in 2006
25 and thereafter.

26 (5) This section expires July 1, 2040.

27 **Sec. 668.** RCW 88.40.011 and 2022 c 202 s 1 are each reenacted
28 and amended to read as follows:

29 The definitions in this section apply throughout this chapter
30 unless the context clearly requires otherwise.

31 (1) "Barge" means a vessel that is not self-propelled.

32 (2) "Bulk" means material that is stored or transported in a
33 loose, unpackaged liquid, powder, or granular form capable of being
34 conveyed by a pipe, bucket, chute, or belt system.

35 (3) "Cargo vessel" means a self-propelled ship in commerce, other
36 than a tank vessel, fishing vessel, or a passenger vessel, of three
37 hundred or more gross tons.

1 (4) "Certificate of financial responsibility" means an official
2 written acknowledgment issued by the director or the director's
3 designee that an owner or operator of a covered vessel or facility,
4 or the owner of the oil, has demonstrated to the satisfaction of the
5 director or the director's designee that the relevant entity has the
6 financial ability to pay for costs and damages caused by an oil
7 spill.

8 (5) "Covered vessel" means a tank vessel, cargo vessel, or
9 passenger vessel.

10 (6) "Department" means the department of ecology.

11 (7) "Director" means the director of the department of ecology.

12 (8)(a) "Facility" means any structure, group of structures,
13 equipment, pipeline, or device, other than a vessel, located on or
14 near the navigable waters of the state that transfers oil in bulk to
15 or from any vessel with an oil carrying capacity over two hundred
16 fifty barrels or pipeline, that is used for producing, storing,
17 handling, transferring, processing, or transporting oil in bulk.

18 (b) A facility does not include any: (i) Railroad car, motor
19 vehicle, or other rolling stock while transporting oil over the
20 highways or rail lines of this state; (ii) retail motor vehicle motor
21 fuel outlet; (iii) facility that is operated as part of an (~~exempt~~
22 ~~agricultural~~) activity (~~as provided in RCW 82.04.330~~) consisting
23 of the wholesale sale of agricultural products by a farmer, as those
24 terms are defined in RCW 82.04.060 and 82.04.213, or involving land
25 enrolled in the federal conservation reserve program or its successor
26 administered by the United States department of agriculture; (iv)
27 underground storage tank regulated by the department or a local
28 government under chapter 70A.355 RCW; or (v) marine fuel outlet that
29 does not dispense more than three thousand gallons of fuel to a ship
30 that is not a covered vessel, in a single transaction.

31 (9) "Fishing vessel" means a self-propelled commercial vessel of
32 three hundred or more gross tons that is used for catching or
33 processing fish.

34 (10) "Gross tons" means tonnage as determined by the United
35 States coast guard under 33 C.F.R. section 138.30.

36 (11) "Hazardous substances" means any substance listed as of
37 March 1, 2003, in Table 302.4 of 40 C.F.R. Part 302 adopted under
38 section 102(a) of the federal comprehensive environmental response,
39 compensation, and liability act of 1980, as amended by P.L. 99-499.

1 The following are not hazardous substances for purposes of this
2 chapter:

3 (a) Wastes listed as F001 through F028 in Table 302.4; and

4 (b) Wastes listed as K001 through K136 in Table 302.4.

5 (12) "Navigable waters of the state" means those waters of the
6 state, and their adjoining shorelines, that are subject to the ebb
7 and flow of the tide and/or are presently used, have been used in the
8 past, or may be susceptible for use to transport intrastate,
9 interstate, or foreign commerce.

10 (13) "Offshore facility" means any facility located in, on, or
11 under any of the navigable waters of the state, but does not include
12 a facility any part of which is located in, on, or under any land of
13 the state, other than submerged land.

14 (14) "Oil" or "oils" means oil of any kind that is liquid at
15 twenty-five degrees Celsius and one atmosphere of pressure and any
16 fractionation thereof, including, but not limited to, crude oil,
17 bitumen, synthetic crude oil, natural gas well condensate, petroleum,
18 gasoline, fuel oil, diesel oil, biological oils and blends, oil
19 sludge, oil refuse, and oil mixed with wastes other than dredged
20 spoil. Oil does not include any substance listed as of March 1, 2003,
21 in Table 302.4 of 40 C.F.R. Part 302 adopted under section 102(a) of
22 the federal comprehensive environmental response, compensation, and
23 liability act of 1980, as amended by P.L. 99-499.

24 (15) "Onshore facility" means any facility any part of which is
25 located in, on, or under any land of the state, other than submerged
26 land, that because of its location, could reasonably be expected to
27 cause substantial harm to the environment by discharging oil into or
28 on the navigable waters of the state or the adjoining shorelines.

29 (16)(a) "Owner or operator" means (i) in the case of a vessel,
30 any person owning, operating, or chartering by demise, the vessel;
31 (ii) in the case of an onshore or offshore facility, any person
32 owning or operating the facility; and (iii) in the case of an
33 abandoned vessel or onshore or offshore facility, the person who
34 owned or operated the vessel or facility immediately before its
35 abandonment.

36 (b) "Operator" does not include any person who owns the land
37 underlying a facility if the person is not involved in the operations
38 of the facility.

1 (17) "Passenger vessel" means a ship of three hundred or more
2 gross tons with a fuel capacity of at least six thousand gallons
3 carrying passengers for compensation.

4 (18) "Ship" means any boat, ship, vessel, barge, or other
5 floating craft of any kind.

6 (19) "Spill" means an unauthorized discharge of oil into the
7 waters of the state.

8 (20) "Tank vessel" means a ship that is constructed or adapted to
9 carry, or that carries, oil in bulk as cargo or cargo residue, and
10 that:

11 (a) Operates on the waters of the state; or

12 (b) Transfers oil in a port or place subject to the jurisdiction
13 of this state.

14 (21) "Waters of the state" includes lakes, rivers, ponds,
15 streams, inland waters, underground water, salt waters, estuaries,
16 tidal flats, beaches and lands adjoining the seacoast of the state,
17 sewers, and all other surface waters and watercourses within the
18 jurisdiction of the state of Washington.

19 **Sec. 669.** RCW 88.46.010 and 2020 c 20 s 1490 are each amended to
20 read as follows:

21 The definitions in this section apply throughout this chapter
22 unless the context clearly requires otherwise.

23 (1) "Best achievable protection" means the highest level of
24 protection that can be achieved through the use of the best
25 achievable technology and those staffing levels, training procedures,
26 and operational methods that provide the greatest degree of
27 protection achievable. The director's determination of best
28 achievable protection shall be guided by the critical need to protect
29 the state's natural resources and waters, while considering:

30 (a) The additional protection provided by the measures;

31 (b) The technological achievability of the measures; and

32 (c) The cost of the measures.

33 (2)(a) "Best achievable technology" means the technology that
34 provides the greatest degree of protection taking into consideration:

35 (i) Processes that are being developed, or could feasibly be
36 developed, given overall reasonable expenditures on research and
37 development; and

38 (ii) Processes that are currently in use.

1 (b) In determining what is best achievable technology, the
2 director shall consider the effectiveness, engineering feasibility,
3 and commercial availability of the technology.

4 (3) "Bulk" means material that is stored or transported in a
5 loose, unpackaged liquid, powder, or granular form capable of being
6 conveyed by a pipe, bucket, chute, or belt system.

7 (4) "Cargo vessel" means a self-propelled ship in commerce, other
8 than a tank vessel or a passenger vessel, of three hundred or more
9 gross tons, including but not limited to, commercial fish processing
10 vessels and freighters.

11 (5) "Covered vessel" means a tank vessel, cargo vessel, or
12 passenger vessel.

13 (6) "Department" means the department of ecology.

14 (7) "Director" means the director of the department of ecology.

15 (8) "Discharge" means any spilling, leaking, pumping, pouring,
16 emitting, emptying, or dumping.

17 (9)(a) "Facility" means any structure, group of structures,
18 equipment, pipeline, or device, other than a vessel, located on or
19 near the navigable waters of the state that transfers oil in bulk to
20 or from a tank vessel or pipeline, that is used for producing,
21 storing, handling, transferring, processing, or transporting oil in
22 bulk.

23 (b) For the purposes of oil spill contingency planning in RCW
24 90.56.210, facility also means a railroad that is not owned by the
25 state that transports oil as bulk cargo.

26 (c) Except as provided under (b) of this subsection, a facility
27 does not include any: (i) Railroad car, motor vehicle, or other
28 rolling stock while transporting oil over the highways or rail lines
29 of this state; (ii) retail motor vehicle motor fuel outlet; (iii)
30 facility (~~that is operated as part of an exempt agricultural~~
31 ~~activity as provided in RCW 82.04.330~~) described in RCW
32 88.40.011(8)(b)(iii); (iv) underground storage tank regulated by the
33 department or a local government under chapter 70A.355 RCW; or (v)
34 marine fuel outlet that does not dispense more than three thousand
35 gallons of fuel to a ship that is not a covered vessel, in a single
36 transaction.

37 (10) "Marine facility" means any facility used for tank vessel
38 wharfage or anchorage, including any equipment used for the purpose
39 of handling or transferring oil in bulk to or from a tank vessel.

1 (11) "Navigable waters of the state" means those waters of the
2 state, and their adjoining shorelines, that are subject to the ebb
3 and flow of the tide and/or are presently used, have been used in the
4 past, or may be susceptible for use to transport intrastate,
5 interstate, or foreign commerce.

6 (12) "Offshore facility" means any facility located in, on, or
7 under any of the navigable waters of the state, but does not include
8 a facility any part of which is located in, on, or under any land of
9 the state, other than submerged land. "Offshore facility" does not
10 include a marine facility.

11 (13) "Oil" or "oils" means oil of any kind that is liquid at
12 twenty-five degrees Celsius and one atmosphere of pressure and any
13 fractionation thereof, including, but not limited to, crude oil,
14 bitumen, synthetic crude oil, natural gas well condensate, petroleum,
15 gasoline, fuel oil, diesel oil, biological oils and blends, oil
16 sludge, oil refuse, and oil mixed with wastes other than dredged
17 spoil. Oil does not include any substance listed in Table 302.4 of 40
18 C.F.R. Part 302 adopted August 14, 1989, under section 102(a) of the
19 federal comprehensive environmental response, compensation, and
20 liability act of 1980, as amended by P.L. 99-499.

21 (14) "Onshore facility" means any facility any part of which is
22 located in, on, or under any land of the state, other than submerged
23 land, that because of its location, could reasonably be expected to
24 cause substantial harm to the environment by discharging oil into or
25 on the navigable waters of the state or the adjoining shorelines.

26 (15)(a) "Owner or operator" means (i) in the case of a vessel,
27 any person owning, operating, or chartering by demise, the vessel;
28 (ii) in the case of an onshore or offshore facility, any person
29 owning or operating the facility; and (iii) in the case of an
30 abandoned vessel or onshore or offshore facility, the person who
31 owned or operated the vessel or facility immediately before its
32 abandonment.

33 (b) "Operator" does not include any person who owns the land
34 underlying a facility if the person is not involved in the operations
35 of the facility.

36 (16) "Passenger vessel" means a ship of three hundred or more
37 gross tons with a fuel capacity of at least six thousand gallons
38 carrying passengers for compensation.

1 (17) "Person" means any political subdivision, government agency,
2 municipality, industry, public or private corporation, copartnership,
3 association, firm, individual, or any other entity whatsoever.

4 (18) "Race Rocks light" means the nautical landmark located
5 southwest of the city of Victoria, British Columbia.

6 (19) "Regional vessels of opportunity response group" means a
7 group of nondedicated vessels participating in a vessels of
8 opportunity response system to respond when needed and available to
9 spills in a defined geographic area.

10 (20) "Severe weather conditions" means observed nautical
11 conditions with sustained winds measured at forty knots and wave
12 heights measured between twelve and eighteen feet.

13 (21) "Ship" means any boat, ship, vessel, barge, or other
14 floating craft of any kind.

15 (22) "Spill" means an unauthorized discharge of oil into the
16 waters of the state.

17 (23) "Strait of Juan de Fuca" means waters off the northern coast
18 of the Olympic Peninsula seaward of a line drawn from New Dungeness
19 light in Clallam county to Discovery Island light on Vancouver
20 Island, British Columbia, Canada.

21 (24) "Tank vessel" means a ship that is constructed or adapted to
22 carry, or that carries, oil in bulk as cargo or cargo residue, and
23 that:

24 (a) Operates on the waters of the state; or

25 (b) Transfers oil in a port or place subject to the jurisdiction
26 of this state.

27 (25) "Umbrella plan holder" means a nonprofit corporation
28 established consistent with this chapter for the purposes of
29 providing oil spill response and contingency plan coverage.

30 (26) "Vessel emergency" means a substantial threat of pollution
31 originating from a covered vessel, including loss or serious
32 degradation of propulsion, steering, means of navigation, primary
33 electrical generating capability, and seakeeping capability.

34 (27) "Vessels of opportunity response system" means nondedicated
35 boats and operators, including fishing and other vessels, that are
36 under contract with and equipped by contingency plan holders to
37 assist with oil spill response activities, including on-water oil
38 recovery in the nearshore environment and the placement of oil spill
39 containment booms to protect sensitive habitats.

1 (28) "Volunteer coordination system" means an oil spill response
2 system that, before a spill occurs, prepares for the coordination of
3 volunteers to assist with appropriate oil spill response activities,
4 which may include shoreline protection and cleanup, wildlife
5 recovery, field observation, light construction, facility
6 maintenance, donations management, clerical support, and other
7 aspects of a spill response.

8 (29) "Waters of the state" includes lakes, rivers, ponds,
9 streams, inland waters, underground water, salt waters, estuaries,
10 tidal flats, beaches and lands adjoining the seacoast of the state,
11 sewers, and all other surface waters and watercourses within the
12 jurisdiction of the state of Washington.

13 (30) "Worst case spill" means: (a) In the case of a vessel, a
14 spill of the entire cargo and fuel of the vessel complicated by
15 adverse weather conditions; and (b) in the case of an onshore or
16 offshore facility, the largest foreseeable spill in adverse weather
17 conditions.

18 **Sec. 670.** RCW 90.56.010 and 2020 c 20 s 1505 are each amended to
19 read as follows:

20 The definitions in this section apply throughout this chapter
21 unless the context clearly requires otherwise.

22 (1) "Best achievable protection" means the highest level of
23 protection that can be achieved through the use of the best
24 achievable technology and those staffing levels, training procedures,
25 and operational methods that provide the greatest degree of
26 protection achievable. The director's determination of best
27 achievable protection shall be guided by the critical need to protect
28 the state's natural resources and waters, while considering (a) the
29 additional protection provided by the measures; (b) the technological
30 achievability of the measures; and (c) the cost of the measures.

31 (2) "Best achievable technology" means the technology that
32 provides the greatest degree of protection taking into consideration
33 (a) processes that are being developed, or could feasibly be
34 developed, given overall reasonable expenditures on research and
35 development, and (b) processes that are currently in use. In
36 determining what is best achievable technology, the director shall
37 consider the effectiveness, engineering feasibility, and commercial
38 availability of the technology.

39 (3) "Board" means the pollution control hearings board.

1 (4) "Bulk" means material that is stored or transported in a
2 loose, unpackaged liquid, powder, or granular form capable of being
3 conveyed by a pipe, bucket, chute, or belt system.

4 (5) "Cargo vessel" means a self-propelled ship in commerce, other
5 than a tank vessel or a passenger vessel, three hundred or more gross
6 tons, including but not limited to, commercial fish processing
7 vessels and freighters.

8 (6) "Committee" means the preassessment screening committee
9 established under RCW 90.48.368.

10 (7) "Covered vessel" means a tank vessel, cargo vessel, or
11 passenger vessel.

12 (8) "Crude oil" means any naturally occurring hydrocarbons coming
13 from the earth that are liquid at twenty-five degrees Celsius and one
14 atmosphere of pressure including, but not limited to, crude oil,
15 bitumen and diluted bitumen, synthetic crude oil, and natural gas
16 well condensate.

17 (9) "Department" means the department of ecology.

18 (10) "Director" means the director of the department of ecology.

19 (11) "Discharge" means any spilling, leaking, pumping, pouring,
20 emitting, emptying, or dumping.

21 (12)(a) "Facility" means any structure, group of structures,
22 equipment, pipeline, or device, other than a vessel, located on or
23 near the navigable waters of the state that transfers oil in bulk to
24 or from a tank vessel or pipeline, that is used for producing,
25 storing, handling, transferring, processing, or transporting oil in
26 bulk.

27 (b) For the purposes of oil spill contingency planning in RCW
28 90.56.210, facility also means a railroad that is not owned by the
29 state that transports oil as bulk cargo.

30 (c) Except as provided in (b) of this subsection, a facility does
31 not include any: (i) Railroad car, motor vehicle, or other rolling
32 stock while transporting oil over the highways or rail lines of this
33 state; (ii) underground storage tank regulated by the department or a
34 local government under chapter 70A.355 RCW; (iii) motor vehicle motor
35 fuel outlet; (iv) facility that is operated as part of an (~~exempt~~
36 ~~agricultural~~) activity (~~as provided in RCW 82.04.330~~) consisting
37 of the wholesale sale of agricultural products by a farmer, as those
38 terms are defined in RCW 82.04.060 and 82.04.213, or involving land
39 enrolled in the federal conservation reserve program or its successor
40 administered by the United States department of agriculture; or (v)

1 marine fuel outlet that does not dispense more than three thousand
2 gallons of fuel to a ship that is not a covered vessel, in a single
3 transaction.

4 (13) "Fund" means the state coastal protection fund as provided
5 in RCW 90.48.390 and 90.48.400.

6 (14) "Having control over oil" shall include but not be limited
7 to any person using, storing, or transporting oil immediately prior
8 to entry of such oil into the waters of the state, and shall
9 specifically include carriers and bailees of such oil.

10 (15) "Marine facility" means any facility used for tank vessel
11 wharfage or anchorage, including any equipment used for the purpose
12 of handling or transferring oil in bulk to or from a tank vessel.

13 (16) "Navigable waters of the state" means those waters of the
14 state, and their adjoining shorelines, that are subject to the ebb
15 and flow of the tide and/or are presently used, have been used in the
16 past, or may be susceptible for use to transport intrastate,
17 interstate, or foreign commerce.

18 (17) "Necessary expenses" means the expenses incurred by the
19 department and assisting state agencies for (a) investigating the
20 source of the discharge; (b) investigating the extent of the
21 environmental damage caused by the discharge; (c) conducting actions
22 necessary to clean up the discharge; (d) conducting predamage and
23 damage assessment studies; and (e) enforcing the provisions of this
24 chapter and collecting for damages caused by a discharge.

25 (18) "Offshore facility" means any facility located in, on, or
26 under any of the navigable waters of the state, but does not include
27 a facility any part of which is located in, on, or under any land of
28 the state, other than submerged land.

29 (19) "Oil" or "oils" means oil of any kind that is liquid at
30 twenty-five degrees Celsius and one atmosphere of pressure and any
31 fractionation thereof, including, but not limited to, crude oil,
32 bitumen, synthetic crude oil, natural gas well condensate, petroleum,
33 gasoline, fuel oil, diesel oil, biological oils and blends, oil
34 sludge, oil refuse, and oil mixed with wastes other than dredged
35 spoil. Oil does not include any substance listed in Table 302.4 of 40
36 C.F.R. Part 302 adopted August 14, 1989, under section 102(a) of the
37 federal comprehensive environmental response, compensation, and
38 liability act of 1980, as amended by P.L. 99-499.

39 (20) "Onshore facility" means any facility any part of which is
40 located in, on, or under any land of the state, other than submerged

1 land, that because of its location, could reasonably be expected to
2 cause substantial harm to the environment by discharging oil into or
3 on the navigable waters of the state or the adjoining shorelines.

4 (21)(a) "Owner or operator" means (i) in the case of a vessel,
5 any person owning, operating, or chartering by demise, the vessel;
6 (ii) in the case of an onshore or offshore facility, any person
7 owning or operating the facility; and (iii) in the case of an
8 abandoned vessel or onshore or offshore facility, the person who
9 owned or operated the vessel or facility immediately before its
10 abandonment.

11 (b) "Operator" does not include any person who owns the land
12 underlying a facility if the person is not involved in the operations
13 of the facility.

14 (22) "Passenger vessel" means a ship of three hundred or more
15 gross tons with a fuel capacity of at least six thousand gallons
16 carrying passengers for compensation.

17 (23) "Person" means any political subdivision, government agency,
18 municipality, industry, public or private corporation, copartnership,
19 association, firm, individual, or any other entity whatsoever.

20 (24) "Ship" means any boat, ship, vessel, barge, or other
21 floating craft of any kind.

22 (25) "Spill" means an unauthorized discharge of oil or hazardous
23 substances into the waters of the state.

24 (26) "Tank vessel" means a ship that is constructed or adapted to
25 carry, or that carries, oil in bulk as cargo or cargo residue, and
26 that:

27 (a) Operates on the waters of the state; or

28 (b) Transfers oil in a port or place subject to the jurisdiction
29 of this state.

30 (27) "Waters of the state" includes lakes, rivers, ponds,
31 streams, inland waters, underground water, salt waters, estuaries,
32 tidal flats, beaches and lands adjoining the seacoast of the state,
33 sewers, and all other surface waters and watercourses within the
34 jurisdiction of the state of Washington.

35 (28) "Worst case spill" means: (a) In the case of a vessel, a
36 spill of the entire cargo and fuel of the vessel complicated by
37 adverse weather conditions; and (b) in the case of an onshore or
38 offshore facility, the largest foreseeable spill in adverse weather
39 conditions.

PART VII
REPEALERS

NEW SECTION. **Sec. 701.** The following acts or parts of acts are each repealed:

(1) RCW 43.365.050 (Review by joint legislative audit and review committee—Recommendation to legislature) and 2022 c 270 s 7 & 2006 c 247 s 7;

(2) RCW 82.04.212 ("Retail store or outlet") and 1961 c 15 s 82.04.212;

(3) RCW 82.04.220 (Business and occupation tax imposed) and 2021 c 145 s 5, 2019 c 8 s 103, 2017 3rd sp.s. c 28 s 303, 2011 1st sp.s. c 20 s 101, 2010 1st sp.s. c 23 s 102, & 1961 c 15 s 82.04.220;

(4) RCW 82.04.230 (Tax upon extractors) and 2006 c 300 s 5, 1993 sp.s. c 25 s 101, 1971 ex.s. c 281 s 2, 1969 ex.s. c 262 s 33, 1967 ex.s. c 149 s 7, & 1961 c 15 s 82.04.230;

(5) RCW 82.04.240 (Tax on manufacturers) and 2017 3rd sp.s. c 37 s 518, (2017 3rd sp.s. c 37 s 517 expired January 1, 2018), 2017 c 135 s 9, 2010 c 114 s 104, 2004 c 24 s 4, 2003 c 149 s 3, 1998 c 312 s 3, 1993 sp.s. c 25 s 102, 1981 c 172 s 1, 1979 ex.s. c 196 s 1, 1971 ex.s. c 281 s 3, 1969 ex.s. c 262 s 34, 1967 ex.s. c 149 s 8, 1965 ex.s. c 173 s 5, & 1961 c 15 s 82.04.240;

(6) RCW 82.04.250 (Tax on retailers) and 2014 c 97 s 402, (2014 c 97 s 401 expired July 9, 2014), 2013 3rd sp.s. c 2 s 7, 2010 1st sp.s. c 23 s 509, (2010 1st sp.s. c 23 s 508 expired July 1, 2011), (2010 1st sp.s. c 23 s 507 expired July 13, 2010), 2010 1st sp.s. c 11 s 1, (2010 c 114 s 106 expired July 1, 2011), 2008 c 81 s 5, (2007 c 54 s 5 repealed by 2010 1st sp.s. c 11 s 7), 2006 c 177 s 5, 2003 2nd sp.s. c 1 s 2, & (2003 1st sp.s. c 2 s 1 expired July 1, 2006);

(7) RCW 82.04.255 (Tax on real estate brokers) and 2011 c 322 s 2, 1997 c 7 s 1, 1996 c 1 s 1, 1993 sp.s. c 25 s 202, 1985 c 32 s 2, 1983 2nd ex.s. c 3 s 1, 1983 c 9 s 1, & 1970 ex.s. c 65 s 3;

(8) RCW 82.04.257 (Tax on digital products and services) and 2017 c 323 s 515, 2010 c 111 s 301, & 2009 c 535 s 401;

(9) RCW 82.04.258 (Digital products—Apportionable income) and 2017 c 323 s 516 & 2009 c 535 s 402;

(10) RCW 82.04.260 (Tax on manufacturers and processors of various foods and by-products—Research and development organizations—Travel agents—Certain international activities—Stevedoring and

1 associated activities—Low-level waste disposers—Insurance producers,
2 surplus line brokers, and title insurance agents—Hospitals—
3 Commercial airplane activities—Timber product activities—Canned
4 salmon processors) and 2022 c 16 s 140, 2021 c 145 s 7, & 2020 c 165
5 s 3;

6 (11) RCW 82.04.2602 (Tax on commercial airplane activities—
7 Conditions for rate reduction) and 2020 c 165 s 2;

8 (12) RCW 82.04.263 (Tax on cleaning up radioactive waste and
9 other by-products of weapons production and nuclear research and
10 development) and 2009 c 469 s 202 & 1996 c 112 s 3;

11 (13) RCW 82.04.270 (Tax on wholesalers) and 2004 c 24 s 5, 2003
12 2nd sp.s. c 1 s 5, 2001 1st sp.s. c 9 s 3, (2001 1st sp.s. c 9 s 2
13 expired July 1, 2001), & 1999 c 358 s 2;

14 (14) RCW 82.04.272 (Tax on warehousing and reselling prescription
15 drugs) and 2013 c 19 s 127, 2003 c 168 s 401, & 1998 c 343 s 1;

16 (15) RCW 82.04.29001 (Creation and distribution of custom
17 software—Customization of prewritten computer software—Taxable
18 services) and 2003 c 168 s 602 & 1998 c 332 s 4;

19 (16) RCW 82.04.29002 (Additional tax on certain business and
20 service activities) and 2010 1st sp.s. c 23 s 1101;

21 (17) RCW 82.04.29005 (Tax on loan interest—2012 2nd sp.s. c 6)
22 and 2012 2nd sp.s. c 6 s 101;

23 (18) RCW 82.04.2905 (Tax on providing day care) and 1998 c 312 s
24 7;

25 (19) RCW 82.04.2906 (Tax on certain chemical dependency services)
26 and 2003 c 343 s 1;

27 (20) RCW 82.04.2907 (Tax on royalties) and 2021 c 145 s 9, 2015
28 3rd sp.s. c 5 s 101, 2010 1st sp.s. c 23 s 107, (2010 1st sp.s. c 23
29 s 106 expired July 1, 2010), 2010 c 111 s 302, 2009 c 535 s 407, 2001
30 c 320 s 3, & 1998 c 331 s 1;

31 (21) RCW 82.04.2908 (Tax on provision of room and domiciliary
32 care to assisted living facility residents) and 2012 c 10 s 70, 2005
33 c 514 s 302, & 2004 c 174 s 1;

34 (22) RCW 82.04.2909 (Tax on aluminum smelters) and 2017 c 135 s
35 12, 2015 3rd sp.s. c 6 s 502, & 2011 c 174 s 301;

36 (23) RCW 82.04.298 (Tax on qualified grocery distribution
37 cooperatives) and 2011 c 2 s 204, 2010 1st sp.s. c 23 s 511, 2008 c
38 49 s 1, & 2001 1st sp.s. c 9 s 1;

- 1 (24) RCW 82.04.301 (Exemptions—Certain hospitals) and 2019 c 451
2 s 2;
- 3 (25) RCW 82.04.315 (Exemptions—International banking facilities)
4 and 1982 c 95 s 7;
- 5 (26) RCW 82.04.317 (Exemptions—Motor vehicle sales by
6 manufacturers at wholesale auctions to dealers) and 1997 c 4 s 1;
- 7 (27) RCW 82.04.321 (Exemptions—Qualified health plan patients)
8 and 2019 c 364 s 9;
- 9 (28) RCW 82.04.326 (Exemptions—Qualified organ procurement
10 organizations) and 2002 c 113 s 1;
- 11 (29) RCW 82.04.327 (Exemptions—Adult family homes) and 1987 1st
12 ex.s. c 4 s 1;
- 13 (30) RCW 82.04.330 (Exemptions—Sales of agricultural products)
14 and 2015 3rd sp.s. c 6 s 1103, 2014 c 140 s 7, 2001 c 118 s 3, 1993
15 sp.s. c 25 s 305, 1988 c 253 s 2, & 1987 c 23 s 4;
- 16 (31) RCW 82.04.331 (Exemptions—Wholesale sales to farmers of seed
17 for planting, conditioning seed for planting owned by others) and
18 2022 c 16 s 141, 2014 c 140 s 8, & 1998 c 170 s 2;
- 19 (32) RCW 82.04.332 (Exemptions—Buying and selling at wholesale
20 unprocessed milk, wheat, oats, dry peas, dry beans, lentils,
21 triticale, canola, corn, rye, and barley) and 2007 c 131 s 1 & 1998 c
22 312 s 2;
- 23 (33) RCW 82.04.333 (Exemptions—Small harvesters) and 2011 c 101 s
24 4, 2007 c 48 s 5, & 1990 c 141 s 1;
- 25 (34) RCW 82.04.334 (Exemptions—Standing timber) and 2017 c 323 s
26 502, 2010 1st sp.s. c 23 s 512, & 2007 c 48 s 3;
- 27 (35) RCW 82.04.335 (Exemptions—Agricultural fairs) and 1965 ex.s.
28 c 145 s 1;
- 29 (36) RCW 82.04.337 (Exemptions—Amounts received by hop growers or
30 dealers for processed hops shipped outside the state) and 1987 c 495
31 s 1;
- 32 (37) RCW 82.04.338 (Exemptions—Hop commodity commission or hop
33 commodity board business) and 1998 c 200 s 1;
- 34 (38) RCW 82.04.339 (Exemptions—Day care provided by churches) and
35 1992 c 81 s 1;
- 36 (39) RCW 82.04.3395 (Exemptions—Child care resource and referral
37 services by nonprofit organizations) and 1995 2nd sp.s. c 11 s 3;
- 38 (40) RCW 82.04.355 (Exemptions—Ride sharing) and 2021 c 135 s 5,
39 1999 c 358 s 8, & 1979 c 111 s 17;

1 (41) RCW 82.04.363 (Exemptions—Camp or conference center—Items
2 sold or furnished by nonprofit organization) and 2009 c 535 s 409 &
3 1997 c 388 s 1;

4 (42) RCW 82.04.367 (Exemptions—Nonprofit organizations that are
5 guarantee agencies, issue debt, or provide guarantees for student
6 loans) and 1998 c 324 s 1 & 1987 c 433 s 1;

7 (43) RCW 82.04.368 (Exemptions—Nonprofit organizations—Credit
8 and debt services) and 1993 c 390 s 1;

9 (44) RCW 82.04.370 (Exemptions—Certain fraternal and beneficiary
10 organizations) and 1961 c 293 s 4 & 1961 c 15 s 82.04.370;

11 (45) RCW 82.04.392 (Exemptions—Mortgage brokers' third-party
12 provider services trust accounts) and 1998 c 311 s 3 & 1997 c 106 s
13 21;

14 (46) RCW 82.04.399 (Exemptions—Sales of academic transcripts) and
15 1996 c 272 s 1;

16 (47) RCW 82.04.410 (Exemptions—Hatching eggs and poultry) and
17 1967 ex.s. c 149 s 15 & 1961 c 15 s 82.04.410;

18 (48) RCW 82.04.415 (Exemptions—Sand, gravel and rock taken from
19 county or city pits or quarries, processing and handling costs) and
20 1965 ex.s. c 173 s 10;

21 (49) RCW 82.04.418 (Exemptions—Grants by United States government
22 to municipal corporations or political subdivisions) and 1983 1st
23 ex.s. c 66 s 2;

24 (50) RCW 82.04.4201 (Exemptions—Sales/leasebacks by regional
25 transit authorities) and 2000 2nd sp.s. c 4 s 24;

26 (51) RCW 82.04.421 (Exemptions—Out-of-state membership sales in
27 discount programs) and 1997 c 408 s 1;

28 (52) RCW 82.04.422 (Exemptions—Wholesale sales of motor vehicles)
29 and 2004 c 81 s 1 & 2001 c 258 s 1;

30 (53) RCW 82.04.423 (Exemptions—Sales by certain out-of-state
31 persons to or through direct seller's representatives) and 2010 1st
32 sp.s. c 23 s 402 & 1983 1st ex.s. c 66 s 5;

33 (54) RCW 82.04.425 (Exemptions—Accommodation sales) and 2013 c 23
34 s 315, 1980 c 37 s 78, 1965 ex.s. c 173 s 9, & 1961 c 15 s 82.04.425;

35 (55) RCW 82.04.4251 (Exemptions—Convention and tourism promotion)
36 and 2021 c 176 s 5244 & 2006 c 310 s 1;

37 (56) RCW 82.04.426 (Exemptions—Semiconductor microchips) and 2017
38 3rd sp.s. c 37 s 524, (2017 3rd sp.s. c 37 s 523 expired January 1,
39 2018), 2017 c 135 s 13, 2010 c 114 s 110, & 2003 c 149 s 2;

1 (57) RCW 82.04.4261 (Exemptions—Federal small business innovation
2 research program) and 2004 c 2 s 9;

3 (58) RCW 82.04.4262 (Exemptions—Federal small business technology
4 transfer program) and 2004 c 2 s 10;

5 (59) RCW 82.04.4263 (Exemptions—Income received by the life
6 sciences discovery fund authority) and 2005 c 424 s 11;

7 (60) RCW 82.04.4264 (Exemptions—Nonprofit assisted living
8 facilities—Room and domiciliary care) and 2021 c 176 s 5245, 2012 c
9 10 s 71, & 2005 c 514 s 301;

10 (61) RCW 82.04.4266 (Exemptions—Fruit and vegetable businesses)
11 and 2022 c 16 s 142, 2020 c 139 s 5, 2015 3rd sp.s. c 6 s 202, 2014 c
12 140 s 9, 2012 2nd sp.s. c 6 s 201, 2011 c 2 s 202, 2010 1st sp.s. c
13 23 s 504, (2010 1st sp.s. c 23 s 503 expired June 10, 2010), 2010 c
14 114 s 111, 2006 c 354 s 3, & 2005 c 513 s 1;

15 (62) RCW 82.04.4267 (Exemptions—Operation of parking/business
16 improvement areas) and 2005 c 476 s 1;

17 (63) RCW 82.04.4268 (Exemptions—Dairy product businesses) and
18 2020 c 139 s 6, 2015 3rd sp.s. c 6 s 203, 2013 2nd sp.s. c 13 s 204,
19 2012 2nd sp.s. c 6 s 202, 2010 c 114 s 112, & 2006 c 354 s 1;

20 (64) RCW 82.04.4269 (Exemptions—Seafood product businesses) and
21 2020 c 139 s 7, 2015 3rd sp.s. c 6 s 204, 2012 2nd sp.s. c 6 s 203,
22 2010 c 114 s 113, & 2006 c 354 s 2;

23 (65) RCW 82.04.427 (Exemptions and credits—Pollution control
24 facilities);

25 (66) RCW 82.04.4271 (Deductions—Membership fees and certain
26 service fees by nonprofit youth organization) and 1981 c 74 s 1;

27 (67) RCW 82.04.4272 (Deductions—Direct mail delivery charges) and
28 2005 c 514 s 114;

29 (68) RCW 82.04.4274 (Deductions—Nonprofit management companies—
30 Personnel performing on-site functions) and 2011 1st sp.s. c 26 s 1;

31 (69) RCW 82.04.4275 (Deductions—Child welfare services) and 2011
32 c 163 s 1;

33 (70) RCW 82.04.4281 (Deductions—Investments, dividends, interest
34 on loans) and 2007 c 54 s 9, 2002 c 150 s 2, & 1980 c 37 s 2;

35 (71) RCW 82.04.4287 (Deductions—Compensation for receiving,
36 washing, etc., horticultural products for person exempt under RCW
37 82.04.330—Materials and supplies used) and 1980 c 37 s 8;

38 (72) RCW 82.04.4289 (Exemption—Compensation for patient services
39 or attendant sales of drugs dispensed pursuant to prescription by

1 certain nonprofit organizations) and 2003 c 168 s 402, 1998 c 325 s
2 1, 1993 c 492 s 305, 1981 c 178 s 2, & 1980 c 37 s 10;

3 (73) RCW 82.04.4290 (Deductions—Mental health services or
4 substance use disorder treatment services) and 2021 c 124 s 3;

5 (74) RCW 82.04.4291 (Deductions—Compensation received by a
6 political subdivision from another political subdivision for services
7 taxable under RCW 82.04.290) and 1980 c 37 s 11;

8 (75) RCW 82.04.4292 (Deductions—Interest on investments or loans
9 secured by mortgages or deeds of trust) and 2012 2nd sp.s. c 6 s 102,
10 2010 1st sp.s. c 23 s 301, & 1980 c 37 s 12;

11 (76) RCW 82.04.4294 (Deductions—Interest on loans to farmers and
12 ranchers, producers or harvesters of aquatic products, or their
13 cooperatives) and 1980 c 37 s 14;

14 (77) RCW 82.04.4295 (Deductions—Manufacturing activities
15 completed outside the United States) and 1980 c 37 s 15;

16 (78) RCW 82.04.4296 (Deductions—Reimbursement for accommodation
17 expenditures by funeral homes) and 1980 c 37 s 16;

18 (79) RCW 82.04.4297 (Deductions—Compensation from public entities
19 for health or social welfare services—Exception) and 2011 1st sp.s. c
20 19 s 2, 2002 c 314 s 3, 2001 2nd sp.s. c 23 s 2, 1988 c 67 s 1, &
21 1980 c 37 s 17;

22 (80) RCW 82.04.4298 (Deductions—Repair, maintenance, replacement,
23 etc., of residential structures and commonly held property—Eligible
24 organizations) and 1980 c 37 s 18;

25 (81) RCW 82.04.4311 (Deductions—Compensation received under the
26 federal medicare program by certain hospitals or health centers) and
27 2005 c 86 s 1 & 2002 c 314 s 2;

28 (82) RCW 82.04.432 (Deductions—Municipal sewer service fees or
29 charges) and 1967 ex.s. c 149 s 17;

30 (83) RCW 82.04.4327 (Deductions—Artistic and cultural
31 organizations) and 2020 c 139 s 8 & 1985 c 471 s 6;

32 (84) RCW 82.04.433 (Deductions—Sales of fuel for consumption
33 outside United States' waters by vessels in foreign commerce) and
34 2009 c 494 s 2 & 1985 c 471 s 16;

35 (85) RCW 82.04.4331 (Deductions—Insurance claims for state health
36 care coverage) and 1988 c 107 s 33;

37 (86) RCW 82.04.4332 (Deductions—Tuition fees of foreign degree-
38 granting institutions) and 1993 c 181 s 10;

1 (87) RCW 82.04.4337 (Deductions—Certain amounts received by
2 assisted living facilities) and 2012 c 10 s 72 & 2004 c 174 s 7;
3 (88) RCW 82.04.43391 (Deductions—Commercial aircraft loan
4 interest and fees) and 2019 c 8 s 703, 2017 c 323 s 503, & 2010 1st
5 sp.s. c 23 s 112;
6 (89) RCW 82.04.43392 (Deductions—Qualified dispute resolution
7 centers) and 2012 c 249 s 1;
8 (90) RCW 82.04.43393 (Deductions—Paymaster services) and 2013 2nd
9 sp.s. c 13 s 102;
10 (91) RCW 82.04.43395 (Deductions—Accountable community of health)
11 and 2019 c 350 s 1 & 2018 c 102 s 2;
12 (92) RCW 82.04.43396 (Deductions—Scan-down allowances) and 2019 c
13 217 s 1;
14 (93) RCW 82.04.434 (Credit—Public safety standards and testing)
15 and 1991 c 13 s 1;
16 (94) RCW 82.04.4451 (Credit against tax due—Maximum credit—
17 Table) and 2022 c 295 s 1, 2010 1st sp.s. c 23 s 1102, 1997 c 238 s
18 2, & 1994 sp.s. c 2 s 1;
19 (95) RCW 82.04.44525 (Credit—New employment for international
20 service activities in eligible areas—Designation of census tracts for
21 eligibility—Records—Tax due upon ineligibility—Interest assessment—
22 Information from employment security department) and 2009 c 535 s
23 1104, 2008 c 81 s 9, & 1998 c 313 s 2;
24 (96) RCW 82.04.4461 (Credit—Preproduction development
25 expenditures) and 2017 c 135 s 15, 2013 3rd sp.s. c 2 s 9, 2010 c 114
26 s 115, 2008 c 81 s 7, 2007 c 54 s 11, & 2003 2nd sp.s. c 1 s 7;
27 (97) RCW 82.04.4463 (Credit—Property and leasehold taxes paid on
28 property used for manufacture of commercial airplanes) and 2017 c 135
29 s 16, 2013 3rd sp.s. c 2 s 10, 2010 1st sp.s. c 23 s 515, (2010 1st
30 sp.s. c 23 s 514 expired June 10, 2010), 2010 c 114 s 116, 2008 c 81
31 s 8, 2006 c 177 s 10, 2005 c 514 s 501, & 2003 2nd sp.s. c 1 s 15;
32 (98) RCW 82.04.447 (Credit—Natural or manufactured gas purchased
33 by direct service industrial customers—Reports) and 2001 c 214 s 9;
34 (99) RCW 82.04.448 (Credit—Manufacturing semiconductor materials)
35 and 2017 3rd sp.s. c 37 s 516, (2017 3rd sp.s. c 37 s 515 expired
36 January 1, 2018), 2017 c 135 s 17, 2010 c 114 s 117, & 2003 c 149 s
37 9;

1 (100) RCW 82.04.4481 (Credit—Property taxes paid by aluminum
2 smelter) and 2017 c 135 s 18, 2015 3rd sp.s. c 6 s 503, & 2011 c 174
3 s 302;

4 (101) RCW 82.04.4482 (Credit—Sales of electricity or gas to an
5 aluminum smelter) and 2004 c 24 s 9;

6 (102) RCW 82.04.4486 (Credit—Syrup taxes paid by buyer) and 2006
7 c 245 s 1;

8 (103) RCW 82.04.4489 (Credit—Motion picture competitiveness
9 program) and 2022 c 270 s 5, 2017 3rd sp.s. c 37 s 1102, 2012 c 189 s
10 4, 2008 c 85 s 3, & 2006 c 247 s 5;

11 (104) RCW 82.04.449 (Credit—Washington customized employment
12 training program—Report to the legislature) and 2021 c 116 s 3, 2017
13 c 135 s 20, 2012 c 46 s 3, 2010 c 114 s 121, 2009 c 296 s 3, & 2006 c
14 112 s 5;

15 (105) RCW 82.04.4496 (Credit—Clean alternative fuel commercial
16 vehicles) and 2022 c 182 s 307, 2019 c 287 s 8, & 2017 c 116 s 1;

17 (106) RCW 82.04.4498 (Credit—Businesses that hire veterans) and
18 2015 3rd sp.s. c 6 s 1002;

19 (107) RCW 82.04.460 (Apportionable income—Taxable in Washington
20 and another state) and 2014 c 97 s 304, 2011 c 174 s 203, 2010 1st
21 sp.s. c 23 s 108, 2004 c 174 s 6, 1985 c 7 s 154, 1983 2nd ex.s. c 3
22 s 28, 1975 1st ex.s. c 291 s 9, & 1961 c 15 s 82.04.460;

23 (108) RCW 82.04.462 (Apportionable income) and 2014 c 97 s 305 &
24 2010 1st sp.s. c 23 s 105;

25 (109) RCW 82.04.520 (Administrative provisions for motor vehicle
26 sales by courtesy dealers) and 2001 c 258 s 2;

27 (110) RCW 82.04.545 (Exemptions—Sales of electricity or gas to
28 silicon smelters) and 2017 3rd sp.s. c 37 s 705 & 2017 3rd sp.s. c 37
29 s 704;

30 (111) RCW 82.04.600 (Exemptions—Materials printed in county,
31 city, town, school district, educational service district, library or
32 library district) and 1979 ex.s. c 266 s 8;

33 (112) RCW 82.04.601 (Exemptions—Affixing stamp services for
34 cigarette sales) and 2007 c 221 s 5;

35 (113) RCW 82.04.610 (Exemptions—Import or export commerce) and
36 2019 c 8 s 501 & 2007 c 477 s 2;

37 (114) RCW 82.04.620 (Exemptions—Certain prescription drugs) and
38 2007 c 447 s 1;

1 (115) RCW 82.04.627 (Exemptions—Commercial airplane parts) and
2 2015 c 86 s 301 & 2008 c 81 s 15;

3 (116) RCW 82.04.628 (Exemptions—Commercial fertilizer,
4 agricultural crop protection products, and seed) and 2017 3rd sp.s. c
5 37 s 302;

6 (117) RCW 82.04.635 (Exemptions—Nonprofits providing legal
7 services to low-income persons) and 2009 c 508 s 1;

8 (118) RCW 82.04.640 (Exemptions—Washington vaccine association—
9 Certain assessments received) and 2010 c 174 s 16;

10 (119) RCW 82.04.645 (Exemptions—Financial institutions—Amounts
11 received from certain affiliated persons) and 2011 c 174 s 102 & 2010
12 1st sp.s. c 23 s 110;

13 (120) RCW 82.04.650 (Exemptions—Investment conduits and
14 securitization entities) and 2010 1st sp.s. c 23 s 111;

15 (121) RCW 82.04.660 (Exemptions—Environmental handling charges—
16 Mercury-containing lights) and 2020 c 20 s 1469 & 2015 c 185 s 2;

17 (122) RCW 82.04.750 (Exemptions—Restaurant employee meals) and
18 2015 c 86 s 302 & 2011 c 55 s 1;

19 (123) RCW 82.04.755 (Exemptions—Grants received by a nonprofit
20 organization for the program established under RCW
21 70A.200.140(1)(b)(ii)) and 2020 c 20 s 1470 & 2015 c 15 s 7;

22 (124) RCW 82.04.756 (Exemptions—Cannabis cooperatives) and 2022 c
23 16 s 143 & 2015 c 70 s 40;

24 (125) RCW 82.04.758 (Exceptions—Services for farms) and 2022 c
25 119 s 1;

26 (126) RCW 82.04.765 (Exemptions—Receipts attributable to
27 assessment on architectural paint imposed pursuant to chapter 70A.515
28 RCW) and 2020 c 20 s 1471 & 2019 c 344 s 15;

29 (127) RCW 82.04.770 (Deduction of amounts derived from charge
30 collected pursuant to chapter 70A.530 RCW) and 2020 c 138 s 8;

31 (128) RCW 82.04.775 (Application of chapter—Amounts received
32 under chapter 70A.535 RCW) and 2021 c 317 s 16;

33 (129) RCW 82.04.900 (Construction—1961 c 15) and 1961 c 15 s
34 82.04.900; and

35 (130) RCW 82.32.533 (Digital products—Amnesty) and 2010 c 111 s
36 801 & 2009 c 535 s 1001.

37 NEW SECTION. **Sec. 702.** The repeals in section 701 of this act
38 do not affect any existing right acquired or liability or obligation

1 incurred under the statutes repealed in this act or under any rule or
2 order adopted under those statutes, nor does it affect any proceeding
3 instituted under those statutes.

4 **PART VIII**
5 **MISCELLANEOUS**

6 NEW SECTION. **Sec. 801.** RCW 82.32.805 and 82.32.808 do not apply
7 to this act. This act does not affect the expiration date of any tax
8 preference amended in this act.

9 NEW SECTION. **Sec. 802.** If any provision of this act or its
10 application to any person, taxpayer, or circumstance is held invalid,
11 the remainder of the act or the application of the provision to other
12 persons, taxpayers, or circumstances is not affected.

13 NEW SECTION. **Sec. 803.** The taxes imposed in this act apply
14 beginning with business activity occurring on or after January 1,
15 2027.

16 NEW SECTION. **Sec. 804.** (1) Except for sections 645, 647, 651,
17 and 666 of this act, this act takes effect January 1, 2027.

18 (2) Sections 645, 647, 651, and 666 of this act take effect
19 January 1, 2027, if the contingency in RCW 82.32.790 occurs by
20 January 1, 2024.

21 NEW SECTION. **Sec. 805.** Section 324 of this act expires if the
22 contingency in section 20, chapter 196, Laws of 2021 occurs.

23 NEW SECTION. **Sec. 806.** Section 661 of this act expires January
24 1, 2024, if the contingency in section 1407, chapter 37, Laws of 2017
25 3rd sp. sess. occurs. Otherwise, it expires July 1, 2027.

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