

CERTIFICATION OF ENROLLMENT

**ENGROSSED SECOND SUBSTITUTE SENATE BILL 5199**

Chapter 286, Laws of 2023

68th Legislature  
2023 Regular Session

NEWSPAPER AND DIGITAL CONTENT PUBLISHERS—BUSINESS AND OCCUPATION TAX  
PREFERENCE

EFFECTIVE DATE: January 1, 2024

Passed by the Senate March 31, 2023  
Yeas 47 Nays 1

DENNY HECK

**President of the Senate**

Passed by the House April 17, 2023  
Yeas 89 Nays 7

LURIE JINKINS

**Speaker of the House of  
Representatives**

Approved May 4, 2023 3:10 PM

JAY INSLEE

**Governor of the State of Washington**

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE SENATE BILL 5199** as passed by the Senate and the House of Representatives on the dates hereon set forth.

SARAH BANNISTER

**Secretary**

FILED

May 5, 2023

**Secretary of State  
State of Washington**

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**ENGROSSED SECOND SUBSTITUTE SENATE BILL 5199**

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Passed Legislature - 2023 Regular Session

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

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

READ FIRST TIME 02/21/23.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

32 (v) "Timber products" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39 (i) RCW 82.04.255;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

Passed by the Senate March 31, 2023.

Passed by the House April 17, 2023.

Approved by the Governor May 4, 2023.

Filed in Office of Secretary of State May 5, 2023.

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