
ENGROSSED SUBSTITUTE SENATE BILL 5794

State of Washington

69th Legislature

2025 Regular Session

By Senate Ways & Means (originally sponsored by Senators Salomon, Lovelett, Alvarado, Bateman, Dhingra, Frame, Hasegawa, Nobles, Ramos, Riccelli, Trudeau, and Wellman)

READ FIRST TIME 04/19/25.

1 AN ACT Relating to improving the administration of tax
2 preferences by adopting recommendations from the tax preference
3 performance review process, eliminating obsolete tax preferences,
4 clarifying legislative intent, and addressing changes in
5 constitutional law; amending RCW 82.04.260, 82.04.290, 48.14.0201,
6 82.04.405, 82.04.29004, 82.04.280, 82.04.390, 82.04.460, and
7 82.04.460; reenacting and amending RCW 82.04.260; adding a new
8 section to chapter 82.04 RCW; creating new sections; repealing RCW
9 82.04.062, 82.16.0497, 82.04.44525, 82.04.272, 82.04.315, 82.04.4292,
10 82.04.29005, and 82.04.434; providing effective dates; and providing
11 expiration dates.

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

13 NEW SECTION. **Sec. 1.** (1) The legislature finds that, according
14 to the most recent tax exemption study published by the department of
15 revenue, there are currently 786 tax exemptions for the major state
16 and local tax sources in Washington. The exemptions result in nearly
17 \$200,000,000,000 of taxpayer savings for the current biennium. The
18 legislature acknowledges that certain tax preferences, such as the
19 sales and use tax exemption for food and the working families tax
20 credit, are intended to rebalance Washington's tax code for working
21 people. However, the legislature further acknowledges that many

1 existing tax preferences are the result of private interests securing
2 preferential tax treatment.

3 (2) For that reason, the legislature enacted robust tax
4 preference performance measures to create greater tax preference
5 transparency and accountability and provide a framework for
6 legislators to make informed decisions on the most efficient use of
7 taxpayer dollars. To ensure tax exemptions meet certain public policy
8 objectives, the joint legislative audit and review committee, a
9 nonpartisan legislative agency, routinely evaluates tax preferences
10 based on specific criteria provided in law and reports that
11 information to the legislature each year. The reports provide
12 accurate, comprehensive, unbiased data that policymakers may use to
13 determine if a tax preference should be continued, modified, or
14 repealed. Additionally, the citizen commission for performance
15 measurement of tax preferences is responsible for selecting which tax
16 preferences are reviewed each year and provides comment on the
17 legislative auditor's reports. Both entities provide recommendations
18 to the legislature on the effectiveness of a tax preference in
19 meeting certain performance measures.

20 (3) Furthermore, the department of revenue assists in the tax
21 preference evaluation process by collecting data from taxpayer
22 beneficiaries and regularly reviewing changes in state and federal
23 law. The analysis by the department and legislative auditor often
24 reveals that a tax exemption is legally obsolete, meaning the
25 specific legal conditions that existed when the exemption was enacted
26 have since changed and the original legislative intent is no longer
27 applicable. Additionally, some tax exemptions are simply not used and
28 should be removed from the tax code to create better clarity for
29 taxpayers.

30 (4) The legislature recognizes that more progress is needed for
31 the state to have a fair and balanced tax system that provides
32 sustainable and ample funding for public schools, health care, and
33 other programs that protect the safety and well-being of the public,
34 as well as social services that provide critical, basic-needs
35 assistance for our state's most vulnerable residents. The legislature
36 further recognizes that the tax preference performance review process
37 provides an opportunity for policymakers to evaluate the tax code to
38 ensure the state is not losing essential revenue due to inefficient
39 or no longer applicable tax exemptions.

1 (5) Thus, the legislature intends to enact recommendations from
2 the joint legislative audit and review committee, the citizen
3 commission for performance measurement of tax preferences, and the
4 department of revenue, including eliminating several obsolete tax
5 preferences, clarifying legislative intent to better inform future
6 tax preference performance reviews, adding expiration dates, and
7 other actions aimed at creating a fair and balanced tax system.

8 **PART I**

9 **ELIMINATING OBSOLETE TAX PREFERENCES**

10 **Sec. 101.** RCW 82.04.260 and 2023 c 422 s 5 and 2023 c 286 s 3
11 are each reenacted and amended to read as follows:

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

14 (a) Wheat into flour, barley into pearl barley, soybeans into
15 soybean oil, canola into canola oil, canola meal, or canola by-
16 products, or sunflower seeds into sunflower oil; as to such persons
17 the amount of tax with respect to such business is equal to the value
18 of the flour, pearl barley, oil, canola meal, or canola by-product
19 manufactured, multiplied by the rate of 0.138 percent;

20 (b) Beginning July 1, 2035, seafood products that remain in a
21 raw, raw frozen, or raw salted state at the completion of the
22 manufacturing by that person; or selling manufactured seafood
23 products that remain in a raw, raw frozen, or raw salted state at the
24 completion of the manufacturing, to purchasers who transport in the
25 ordinary course of business the goods out of this state; as to such
26 persons the amount of tax with respect to such business is equal to
27 the value of the products manufactured or the gross proceeds derived
28 from such sales, multiplied by the rate of 0.138 percent. Sellers
29 must keep and preserve records for the period required by RCW
30 82.32.070 establishing that the goods were transported by the
31 purchaser in the ordinary course of business out of this state;

32 (c)(i) Except as provided otherwise in (c)(iii) of this
33 subsection, beginning July 1, 2035, until January 1, 2046, dairy
34 products; or selling dairy products that the person has manufactured
35 to purchasers who either transport in the ordinary course of business
36 the goods out of state or purchasers who use such dairy products as
37 an ingredient or component in the manufacturing of a dairy product;
38 as to such persons the tax imposed is equal to the value of the

1 products manufactured or the gross proceeds derived from such sales
2 multiplied by the rate of 0.138 percent. Sellers must keep and
3 preserve records for the period required by RCW 82.32.070
4 establishing that the goods were transported by the purchaser in the
5 ordinary course of business out of this state or sold to a
6 manufacturer for use as an ingredient or component in the
7 manufacturing of a dairy product.

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

10 (A) Products, not including any cannabis-infused product, that as
11 of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts
12 131, 133, and 135, including by-products from the manufacturing of
13 the dairy products, such as whey and casein; and

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

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

22 (d)(i) Beginning July 1, 2035, fruits or vegetables by canning,
23 preserving, freezing, processing, or dehydrating fresh fruits or
24 vegetables, or selling at wholesale fruits or vegetables manufactured
25 by the seller by canning, preserving, freezing, processing, or
26 dehydrating fresh fruits or vegetables and sold to purchasers who
27 transport in the ordinary course of business the goods out of this
28 state; as to such persons the amount of tax with respect to such
29 business is equal to the value of the products manufactured or the
30 gross proceeds derived from such sales multiplied by the rate of
31 0.138 percent. Sellers must keep and preserve records for the period
32 required by RCW 82.32.070 establishing that the goods were
33 transported by the purchaser in the ordinary course of business out
34 of this state.

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

38 (e) Wood biomass fuel; as to such persons the amount of tax with
39 respect to the business is equal to the value of wood biomass fuel
40 manufactured, multiplied by the rate of 0.138 percent. For the

1 purposes of this section, "wood biomass fuel" means a liquid or
2 gaseous fuel that is produced from lignocellulosic feedstocks,
3 including wood, forest, or field residue and dedicated energy crops,
4 and that does not include wood treated with chemical preservations
5 such as creosote, pentachlorophenol, or copper-chrome-arsenic.

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

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

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

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

26 (b) Upon every person engaging within this state in the business
27 of acting as a travel agent or tour operator and whose annual taxable
28 amount for the prior calendar year from such business was more than
29 \$250,000; as to such persons the amount of the tax with respect to
30 such activities is equal to the gross income derived from such
31 activities multiplied by the rate of 0.275 percent through June 30,
32 2019, and 0.9 percent beginning July 1, 2019.

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

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

30 (8) (a) Upon every person engaging within this state in the
31 business of disposing of low-level waste, as defined in RCW
32 70A.380.010; as to such persons the amount of the tax with respect to
33 such business is equal to the gross income of the business, excluding
34 any fees imposed under chapter 70A.384 RCW, multiplied by the rate of
35 3.3 percent.

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

1 (9) (~~Upon every person engaging within this state as an~~
2 ~~insurance producer or title insurance agent licensed under chapter~~
3 ~~48.17 RCW or a surplus line broker licensed under chapter 48.15 RCW;~~
4 ~~as to such persons, the amount of the tax with respect to such~~
5 ~~licensed activities is equal to the gross income of such business~~
6 ~~multiplied by the rate of 0.484 percent.~~

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

14 ~~((11))~~ (10)(a) Beginning October 1, 2005, upon every person
15 engaging within this state in the business of manufacturing
16 commercial airplanes, or components of such airplanes, or making
17 sales, at retail or wholesale, of commercial airplanes or components
18 of such airplanes, manufactured by the seller, as to such persons the
19 amount of tax with respect to such business is, in the case of
20 manufacturers, equal to the value of the product manufactured and the
21 gross proceeds of sales of the product manufactured, or in the case
22 of processors for hire, equal to the gross income of the business,
23 multiplied by the rate of:

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

25 (ii) 0.2904 percent beginning July 1, 2007, through March 31,
26 2020; and

27 (iii) Beginning April 1, 2020, 0.484 percent, subject to any
28 reduction required under (e) of this subsection ~~((11))~~ (10). The
29 tax rate in this subsection ~~((11))~~ (10)(a)(iii) applies to all
30 business activities described in this subsection ~~((11))~~ (10)(a).

31 (b) Beginning July 1, 2008, upon every person who is not eligible
32 to report under the provisions of (a) of this subsection ~~((11))~~
33 (10) and is engaging within this state in the business of
34 manufacturing tooling specifically designed for use in manufacturing
35 commercial airplanes or components of such airplanes, or making
36 sales, at retail or wholesale, of such tooling manufactured by the
37 seller, as to such persons the amount of tax with respect to such
38 business is, in the case of manufacturers, equal to the value of the
39 product manufactured and the gross proceeds of sales of the product

1 manufactured, or in the case of processors for hire, be equal to the
2 gross income of the business, multiplied by the rate of:

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

4 (ii) Beginning April 1, 2020, the following rates, which are
5 subject to any reduction required under (e) of this subsection
6 (~~((11))~~) (10):

7 (A) The rate under RCW 82.04.250(1) on the business of making
8 retail sales of tooling specifically designed for use in
9 manufacturing commercial airplanes or components of such airplanes;
10 and

11 (B) 0.484 percent on all other business activities described in
12 this subsection (~~((11))~~) (10)(b).

13 (c) For the purposes of this subsection (~~((11))~~) (10),
14 "commercial airplane" and "component" have the same meanings as
15 provided in RCW 82.32.550.

16 (d)(i) In addition to all other requirements under this title, a
17 person reporting under the tax rate provided in this subsection
18 (~~((11))~~) (10) must file a complete annual tax performance report with
19 the department under RCW 82.32.534. However, this requirement does
20 not apply to persons reporting under the tax rate in (a)(iii) of this
21 subsection (~~((11))~~) (10), so long as that rate remains 0.484 percent,
22 or under any of the tax rates in (b)(ii)(A) and (B) of this
23 subsection (~~((11))~~) (10), so long as those tax rates remain the rate
24 imposed pursuant to RCW 82.04.250(1) and 0.484 percent, respectively.

25 (ii) Nothing in (d)(i) of this subsection (~~((11))~~) (10) may be
26 construed as affecting the obligation of a person reporting under a
27 tax rate provided in this subsection (~~((11))~~) (10) to file a complete
28 annual tax performance report with the department under RCW
29 82.32.534: (A) Pursuant to another provision of this title as a
30 result of claiming a tax credit or exemption; or (B) pursuant to
31 (d)(i) of this subsection (~~((11))~~) (10) as a result of claiming the
32 tax rates in (a)(ii) or (b)(i) of this subsection (~~((11))~~) (10) for
33 periods ending before April 1, 2020.

34 (e)(i) After March 31, 2021, the tax rates under (a)(iii) and
35 (b)(ii) of this subsection (~~((11))~~) (10) must be reduced to 0.357
36 percent provided the conditions in RCW 82.04.2602 are met. The
37 effective date of the rates authorized under this subsection (~~((11))~~)
38 (10)(e) must occur on the first day of the next calendar quarter that
39 is at least 60 days after the department receives the last of the two
40 written notices pursuant to RCW 82.04.2602 (3) and (4).

1 (ii) Both a significant commercial airplane manufacturer
2 separately and the rest of the aerospace industry as a whole,
3 receiving the rate of 0.357 percent under this subsection (~~((11))~~)
4 (10)(e) are subject to the aerospace apprenticeship utilization rates
5 required under RCW 49.04.220 by April 1, 2026, or five years after
6 the effective date of the 0.357 percent rate authorized under this
7 subsection (~~((11))~~) (10)(e), whichever is later, as determined by the
8 department of labor and industries.

9 (iii) The provisions of RCW 82.32.805 and 82.32.808 do not apply
10 to this subsection (~~((11))~~) (10)(e).

11 (f)(i) Except as provided in (f)(ii) of this subsection (~~((11))~~)
12 (10), this subsection (~~((11))~~) (10) does not apply on and after July
13 1, 2040.

14 (ii) With respect to the manufacturing of commercial airplanes or
15 making sales, at retail or wholesale, of commercial airplanes, this
16 subsection (~~((11))~~) (10) does not apply on and after July 1st of the
17 year in which the department makes a determination that any final
18 assembly or wing assembly of any version or variant of a commercial
19 airplane that is the basis of a siting of a significant commercial
20 airplane manufacturing program in the state under RCW 82.32.850 has
21 been sited outside the state of Washington. This subsection (~~((11))~~)
22 (10)(f)(ii) only applies to the manufacturing or sale of commercial
23 airplanes that are the basis of a siting of a significant commercial
24 airplane manufacturing program in the state under RCW 82.32.850. This
25 subsection (~~((11))~~) (10)(f)(ii) continues to apply during the time
26 that a person is subject to the tax rate in (a)(iii) of this
27 subsection (~~((11))~~) (10).

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

32 (~~((12))~~) (11)(a) Until July 1, 2045, upon every person engaging
33 within this state in the business of extracting timber or extracting
34 for hire timber; as to such persons the amount of tax with respect to
35 the business is, in the case of extractors, equal to the value of
36 products, including by-products, extracted, or in the case of
37 extractors for hire, equal to the gross income of the business,
38 multiplied by the rate of 0.4235 percent from July 1, 2006, through
39 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
40 2045.

1 (b) Until July 1, 2045, upon every person engaging within this
2 state in the business of manufacturing or processing for hire: (i)
3 Timber into timber products or wood products; (ii) timber products
4 into other timber products or wood products; or (iii) products
5 defined in RCW 19.27.570(1); as to such persons the amount of the tax
6 with respect to the business is, in the case of manufacturers, equal
7 to the value of products, including by-products, manufactured, or in
8 the case of processors for hire, equal to the gross income of the
9 business, multiplied by the rate of 0.4235 percent from July 1, 2006,
10 through June 30, 2007, and 0.2904 percent from July 1, 2007, through
11 June 30, 2045.

12 (c) Until July 1, 2045, upon every person engaging within this
13 state in the business of selling at wholesale: (i) Timber extracted
14 by that person; (ii) timber products manufactured by that person from
15 timber or other timber products; (iii) wood products manufactured by
16 that person from timber or timber products; or (iv) products defined
17 in RCW 19.27.570(1) manufactured by that person; as to such persons
18 the amount of the tax with respect to the business is equal to the
19 gross proceeds of sales of the timber, timber products, wood
20 products, or products defined in RCW 19.27.570(1) multiplied by the
21 rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and
22 0.2904 percent from July 1, 2007, through June 30, 2045.

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

33 (e) For purposes of this subsection, the following definitions
34 apply:

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

39 (ii) "Paper and paper products" means products made of interwoven
40 cellulosic fibers held together largely by hydrogen bonding. "Paper

1 and paper products" includes newsprint; office, printing, fine, and
2 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
3 kraft bag, construction, and other kraft industrial papers;
4 paperboard, liquid packaging containers, containerboard, corrugated,
5 and solid-fiber containers including linerboard and corrugated
6 medium; and related types of cellulosic products containing
7 primarily, by weight or volume, cellulosic materials. "Paper and
8 paper products" does not include books, newspapers, magazines,
9 periodicals, and other printed publications, advertising materials,
10 calendars, and similar types of printed materials.

11 (iii) "Recycled paper" means paper and paper products having 50
12 percent or more of their fiber content that comes from postconsumer
13 waste. For purposes of this subsection (~~((12))~~) (11)(e)(iii),
14 "postconsumer waste" means a finished material that would normally be
15 disposed of as solid waste, having completed its life cycle as a
16 consumer item.

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

21 (v) "Timber products" means:

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

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

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

29 (vi) "Wood products" means paper and paper products; dimensional
30 lumber; engineered wood products such as particleboard, oriented
31 strand board, medium density fiberboard, and plywood; wood doors;
32 wood windows; and biocomposite surface products.

33 (f) Except for small harvesters as defined in RCW 84.33.035, a
34 person reporting under the tax rate provided in this subsection
35 (~~((12))~~) (11) must file a complete annual tax performance report with
36 the department under RCW 82.32.534.

37 (g) Nothing in this subsection (~~((12))~~) (11) may be construed to
38 affect the taxation of any activity defined as a retail sale in RCW
39 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW
40 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

1 (~~(13)~~) (12) Upon every person engaging within this state in
2 inspecting, testing, labeling, and storing canned salmon owned by
3 another person, as to such persons, the amount of tax with respect to
4 such activities is equal to the gross income derived from such
5 activities multiplied by the rate of 0.484 percent.

6 **Sec. 102.** RCW 82.04.260 and 2023 c 422 s 5 are each amended to
7 read as follows:

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

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

16 (b) Beginning July 1, 2035, seafood products that remain in a
17 raw, raw frozen, or raw salted state at the completion of the
18 manufacturing by that person; or selling manufactured seafood
19 products that remain in a raw, raw frozen, or raw salted state at the
20 completion of the manufacturing, to purchasers who transport in the
21 ordinary course of business the goods out of this state; as to such
22 persons the amount of tax with respect to such business is equal to
23 the value of the products manufactured or the gross proceeds derived
24 from such sales, multiplied by the rate of 0.138 percent. Sellers
25 must keep and preserve records for the period required by RCW
26 82.32.070 establishing that the goods were transported by the
27 purchaser in the ordinary course of business out of this state;

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

1 manufacturer for use as an ingredient or component in the
2 manufacturing of a dairy product.

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

5 (A) Products, not including any cannabis-infused product, that as
6 of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts
7 131, 133, and 135, including by-products from the manufacturing of
8 the dairy products, such as whey and casein; and

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

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

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

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

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

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

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

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

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

21 (b) Upon every person engaging within this state in the business
22 of acting as a travel agent or tour operator and whose annual taxable
23 amount for the prior calendar year from such business was more than
24 \$250,000; as to such persons the amount of the tax with respect to
25 such activities is equal to the gross income derived from such
26 activities multiplied by the rate of 0.275 percent through June 30,
27 2019, and 0.9 percent beginning July 1, 2019.

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

35 (7) Upon every person engaging within this state in the business
36 of stevedoring and associated activities pertinent to the movement of
37 goods and commodities in waterborne interstate or foreign commerce;
38 as to such persons the amount of tax with respect to such business is
39 equal to the gross proceeds derived from such activities multiplied
40 by the rate of 0.275 percent. Persons subject to taxation under this

1 subsection are exempt from payment of taxes imposed by chapter 82.16
2 RCW for that portion of their business subject to taxation under this
3 subsection. Stevedoring and associated activities pertinent to the
4 conduct of goods and commodities in waterborne interstate or foreign
5 commerce are defined as all activities of a labor, service or
6 transportation nature whereby cargo may be loaded or unloaded to or
7 from vessels or barges, passing over, onto or under a wharf, pier, or
8 similar structure; cargo may be moved to a warehouse or similar
9 holding or storage yard or area to await further movement in import
10 or export or may move to a consolidation freight station and be
11 stuffed, unstuffed, containerized, separated or otherwise segregated
12 or aggregated for delivery or loaded on any mode of transportation
13 for delivery to its consignee. Specific activities included in this
14 definition are: Wharfage, handling, loading, unloading, moving of
15 cargo to a convenient place of delivery to the consignee or a
16 convenient place for further movement to export mode; documentation
17 services in connection with the receipt, delivery, checking, care,
18 custody and control of cargo required in the transfer of cargo;
19 imported automobile handling prior to delivery to consignee; terminal
20 stevedoring and incidental vessel services, including but not limited
21 to plugging and unplugging refrigerator service to containers,
22 trailers, and other refrigerated cargo receptacles, and securing ship
23 hatch covers.

24 (8) (a) Upon every person engaging within this state in the
25 business of disposing of low-level waste, as defined in RCW
26 70A.380.010; as to such persons the amount of the tax with respect to
27 such business is equal to the gross income of the business, excluding
28 any fees imposed under chapter 70A.384 RCW, multiplied by the rate of
29 3.3 percent.

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

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

1 ~~(10)~~) Upon every person engaging within this state in business
2 as a hospital, as defined in chapter 70.41 RCW, that is operated as a
3 nonprofit corporation or by the state or any of its political
4 subdivisions, as to such persons, the amount of tax with respect to
5 such activities is equal to the gross income of the business
6 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5
7 percent thereafter.

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

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

19 (ii) 0.2904 percent beginning July 1, 2007, through March 31,
20 2020; and

21 (iii) Beginning April 1, 2020, 0.484 percent, subject to any
22 reduction required under (e) of this subsection ~~((11))~~ (10). The
23 tax rate in this subsection ~~((11))~~ (10)(a)(iii) applies to all
24 business activities described in this subsection ~~((11))~~ (10)(a).

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

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

37 (ii) Beginning April 1, 2020, the following rates, which are
38 subject to any reduction required under (e) of this subsection
39 ~~((11))~~ (10):

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

5 (B) 0.484 percent on all other business activities described in
6 this subsection (~~((11))~~) (10)(b).

7 (c) For the purposes of this subsection (~~((11))~~) (10),
8 "commercial airplane" and "component" have the same meanings as
9 provided in RCW 82.32.550.

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

19 (ii) Nothing in (d)(i) of this subsection (~~((11))~~) (10) may be
20 construed as affecting the obligation of a person reporting under a
21 tax rate provided in this subsection (~~((11))~~) (10) to file a complete
22 annual tax performance report with the department under RCW
23 82.32.534: (A) Pursuant to another provision of this title as a
24 result of claiming a tax credit or exemption; or (B) pursuant to
25 (d)(i) of this subsection (~~((11))~~) (10) as a result of claiming the
26 tax rates in (a)(ii) or (b)(i) of this subsection (~~((11))~~) (10) for
27 periods ending before April 1, 2020.

28 (e)(i) After March 31, 2021, the tax rates under (a)(iii) and
29 (b)(ii) of this subsection (~~((11))~~) (10) must be reduced to 0.357
30 percent provided the conditions in RCW 82.04.2602 are met. The
31 effective date of the rates authorized under this subsection (~~((11))~~)
32 (10)(e) must occur on the first day of the next calendar quarter that
33 is at least 60 days after the department receives the last of the two
34 written notices pursuant to RCW 82.04.2602 (3) and (4).

35 (ii) Both a significant commercial airplane manufacturer
36 separately and the rest of the aerospace industry as a whole,
37 receiving the rate of 0.357 percent under this subsection (~~((11))~~)
38 (10)(e) are subject to the aerospace apprenticeship utilization rates
39 required under RCW 49.04.220 by April 1, 2026, or five years after
40 the effective date of the 0.357 percent rate authorized under this

1 subsection (~~(11)~~) (10)(e), whichever is later, as determined by the
2 department of labor and industries.

3 (iii) The provisions of RCW 82.32.805 and 82.32.808 do not apply
4 to this subsection (~~(11)~~) (10)(e).

5 (f)(i) Except as provided in (f)(ii) of this subsection (~~(11)~~)
6 (10), this subsection (~~(11)~~) (10) does not apply on and after July
7 1, 2040.

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

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

26 (~~(12)~~) (11)(a) Until July 1, 2045, upon every person engaging
27 within this state in the business of extracting timber or extracting
28 for hire timber; as to such persons the amount of tax with respect to
29 the business is, in the case of extractors, equal to the value of
30 products, including by-products, extracted, or in the case of
31 extractors for hire, equal to the gross income of the business,
32 multiplied by the rate of 0.4235 percent from July 1, 2006, through
33 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
34 2045.

35 (b) Until July 1, 2045, upon every person engaging within this
36 state in the business of manufacturing or processing for hire: (i)
37 Timber into timber products or wood products; (ii) timber products
38 into other timber products or wood products; or (iii) products
39 defined in RCW 19.27.570(1); as to such persons the amount of the tax
40 with respect to the business is, in the case of manufacturers, equal

1 to the value of products, including by-products, manufactured, or in
2 the case of processors for hire, equal to the gross income of the
3 business, multiplied by the rate of 0.4235 percent from July 1, 2006,
4 through June 30, 2007, and 0.2904 percent from July 1, 2007, through
5 June 30, 2045.

6 (c) Until July 1, 2045, upon every person engaging within this
7 state in the business of selling at wholesale: (i) Timber extracted
8 by that person; (ii) timber products manufactured by that person from
9 timber or other timber products; (iii) wood products manufactured by
10 that person from timber or timber products; or (iv) products defined
11 in RCW 19.27.570(1) manufactured by that person; as to such persons
12 the amount of the tax with respect to the business is equal to the
13 gross proceeds of sales of the timber, timber products, wood
14 products, or products defined in RCW 19.27.570(1) multiplied by the
15 rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and
16 0.2904 percent from July 1, 2007, through June 30, 2045.

17 (d) Until July 1, 2045, upon every person engaging within this
18 state in the business of selling standing timber; as to such persons
19 the amount of the tax with respect to the business is equal to the
20 gross income of the business multiplied by the rate of 0.2904
21 percent. For purposes of this subsection (~~((12))~~) (11)(d), "selling
22 standing timber" means the sale of timber apart from the land, where
23 the buyer is required to sever the timber within 30 months from the
24 date of the original contract, regardless of the method of payment
25 for the timber and whether title to the timber transfers before,
26 upon, or after severance.

27 (e) For purposes of this subsection, the following definitions
28 apply:

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

33 (ii) "Paper and paper products" means products made of interwoven
34 cellulosic fibers held together largely by hydrogen bonding. "Paper
35 and paper products" includes newsprint; office, printing, fine, and
36 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
37 kraft bag, construction, and other kraft industrial papers;
38 paperboard, liquid packaging containers, containerboard, corrugated,
39 and solid-fiber containers including linerboard and corrugated
40 medium; and related types of cellulosic products containing

1 primarily, by weight or volume, cellulosic materials. "Paper and
2 paper products" does not include books, newspapers, magazines,
3 periodicals, and other printed publications, advertising materials,
4 calendars, and similar types of printed materials.

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

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

15 (v) "Timber products" means:

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

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

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

23 (vi) "Wood products" means paper and paper products; dimensional
24 lumber; engineered wood products such as particleboard, oriented
25 strand board, medium density fiberboard, and plywood; wood doors;
26 wood windows; and biocomposite surface products.

27 (f) Except for small harvesters as defined in RCW 84.33.035, a
28 person reporting under the tax rate provided in this subsection
29 (~~((12))~~) (11) must file a complete annual tax performance report with
30 the department under RCW 82.32.534.

31 (g) Nothing in this subsection (~~((12))~~) (11) may be construed to
32 affect the taxation of any activity defined as a retail sale in RCW
33 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW
34 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

35 (~~((13))~~) (12) Upon every person engaging within this state in
36 inspecting, testing, labeling, and storing canned salmon owned by
37 another person, as to such persons, the amount of tax with respect to
38 such activities is equal to the gross income derived from such
39 activities multiplied by the rate of 0.484 percent.

1 (~~(14)~~) (13) (a) Upon every person engaging within this state in
2 the business of printing a newspaper, publishing a newspaper, or
3 both, the amount of tax on such business is equal to the gross income
4 of the business multiplied by the rate of 0.35 percent until July 1,
5 2024, and 0.484 percent thereafter.

6 (b) A person reporting under the tax rate provided in this
7 subsection (~~(14)~~) (13) must file a complete annual tax performance
8 report with the department under RCW 82.32.534.

9 **Sec. 103.** RCW 82.04.290 and 2020 c 2 s 3 are each amended to
10 read as follows:

11 (1) Upon every person engaging within this state in the business
12 of providing qualifying international investment management services,
13 as to such persons, the amount of tax with respect to such business
14 is equal to the gross income or gross proceeds of sales of the
15 business multiplied by a rate of (~~(0.275)~~) 1.75 percent.

16 (2) (a) Upon every person engaging within this state in any
17 business activity other than or in addition to an activity taxed
18 explicitly under another section in this chapter or subsection (1) or
19 (3) of this section; as to such persons the amount of tax on account
20 of such activities is equal to the gross income of the business
21 multiplied by the rate of:

22 (i) 1.75 percent; or

23 (ii) 1.5 percent for:

24 (A) Any person subject to the surcharge imposed under RCW
25 82.04.299;

26 (B) Any person whose gross income of the business subject to the
27 tax imposed under this subsection (2), for the immediately preceding
28 calendar year, was less than (~~(one million dollars)~~) \$1,000,000,
29 unless (I) the person is affiliated with one or more other persons,
30 and (II) the aggregate gross income of the business subject to the
31 tax imposed under this subsection (2) for all affiliated persons was
32 greater than or equal to (~~(one million dollars)~~) \$1,000,000 for the
33 immediately preceding calendar year; and

34 (C) Hospitals as defined in RCW 70.41.020, including any hospital
35 that comes within the scope of chapter 71.12 RCW if the hospital is
36 also licensed under chapter 70.41 RCW. This subsection (2) (a) (ii) (C)
37 must not be construed as modifying RCW 82.04.260 (~~(10)~~) (9).

38 (b) This subsection (2) includes, among others, and without
39 limiting the scope hereof (whether or not title to materials used in

1 the performance of such business passes to another by accession,
2 confusion or other than by outright sale), persons engaged in the
3 business of rendering any type of service which does not constitute a
4 "sale at retail" or a "sale at wholesale." The value of advertising,
5 demonstration, and promotional supplies and materials furnished to an
6 agent by his or her principal or supplier to be used for
7 informational, educational, and promotional purposes is not
8 considered a part of the agent's remuneration or commission and is
9 not subject to taxation under this section.

10 (c) 14.3 percent of the revenues collected under (a)(i) of this
11 subsection (2) must be deposited into the workforce education
12 investment account created in RCW 43.79.195.

13 (d)(i) To aid in the effective administration of this subsection
14 (2), the department may require a person claiming to be subject to
15 the 1.5 percent tax rate under (a)(ii)(B) of this subsection (2) to
16 identify all of the person's affiliates, including their department
17 tax registration number or unified business identifier number, as may
18 be applicable, or to certify that the person is not affiliated with
19 any other person. Requests under this subsection (2)(d)(i) must be in
20 writing and may be made electronically.

21 (ii) If the department establishes, by clear, cogent, and
22 convincing evidence, that a person, with intent to evade the
23 additional taxes due under the 1.75 percent tax rate in (a)(i) of
24 this subsection (2), failed to provide the department with complete
25 and accurate information in response to a written request under
26 (d)(i) of this subsection (2) within (~~thirty~~) 30 days of such
27 request, the person is ineligible for the 1.5 percent tax rate in
28 (a)(ii) of this subsection (2) for the entire current calendar year
29 and the following four calendar years. However, the department must
30 waive the provisions of this subsection (2)(d)(ii) for any tax
31 reporting period that the person is otherwise eligible for the 1.5
32 percent tax rate in (a)(ii) of this subsection (2) if (A) the
33 department has not previously determined that the person failed to
34 fully comply with (d)(i) of this subsection (2), and (B) within
35 (~~thirty~~) 30 days of the notice of additional tax due as a result of
36 the person's failure to fully comply with (d)(i) of this subsection
37 (2) the department determines that the person has come into full
38 compliance with (d)(i) of this subsection (2). This subsection (2)(d)
39 applies only with respect to persons claiming entitlement to the 1.5

1 percent tax rate solely by reason of (a)(ii)(B) of this subsection
2 (2).

3 (e) For the purposes of (a)(ii)(B) of this subsection (2), if a
4 taxpayer is subject to the reconciliation provisions of RCW
5 82.04.462(4), and calculates gross income of the business subject to
6 the tax imposed under this subsection (2) for the immediately
7 preceding calendar year, or aggregate gross income of the business
8 subject to the tax imposed under this subsection (2) for the
9 immediately preceding calendar year for all affiliated persons, based
10 on incomplete information, the taxpayer must correct the reporting
11 for the current calendar year when complete information for the
12 immediately preceding calendar year is available.

13 (f) For purposes of this subsection (2), the definitions in this
14 subsection (2)(f) apply:

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

18 (ii) "Control" means the possession, directly or indirectly, of
19 more than (~~eighty~~) 80 percent of the power to direct or cause the
20 direction of the management and policies of a person, whether through
21 the ownership of voting shares, by contract, or otherwise.

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

27 (b) A person reporting under the tax rate provided in this
28 subsection (3) must file a complete annual report with the department
29 under RCW 82.32.534.

30 (c) "Aerospace product development" has the meaning as provided
31 in RCW 82.04.4461.

32 **Sec. 104.** RCW 48.14.0201 and 2016 c 133 s 2 are each amended to
33 read as follows:

34 (1) As used in this section, "taxpayer" means a health
35 maintenance organization as defined in RCW 48.46.020, a health care
36 service contractor as defined in chapter 48.44 RCW, or a self-funded
37 multiple employer welfare arrangement as defined in RCW 48.125.010.

38 (2) Each taxpayer must pay a tax on or before the first day of
39 March of each year to the state treasurer through the insurance

1 commissioner's office. The tax must be equal to the total amount of
2 all premiums and prepayments for health care services collected or
3 received by the taxpayer under RCW 48.14.090 during the preceding
4 calendar year multiplied by the rate of two percent. For tax
5 purposes, the reporting of premiums and prepayments must be on a
6 written basis or on a paid-for basis consistent with the basis
7 required by the annual statement.

8 (3) Taxpayers must prepay their tax obligations under this
9 section. The minimum amount of the prepayments is the percentages of
10 the taxpayer's tax obligation for the preceding calendar year
11 recomputed using the rate in effect for the current year. For the
12 prepayment of taxes due during the first calendar year, the minimum
13 amount of the prepayments is the percentages of the taxpayer's tax
14 obligation that would have been due had the tax been in effect during
15 the previous calendar year. The tax prepayments must be paid to the
16 state treasurer through the commissioner's office by the due dates
17 and in the following amounts:

18 (a) On or before June 15, (~~forty-five~~) 45 percent;

19 (b) On or before September 15, (~~twenty-five~~) 25 percent;

20 (c) On or before December 15, (~~twenty-five~~) 25 percent.

21 (4) For good cause demonstrated in writing, the commissioner may
22 approve an amount smaller than the preceding calendar year's tax
23 obligation as recomputed for calculating the health maintenance
24 organization's, health care service contractor's, self-funded
25 multiple employer welfare arrangement's, or certified health plan's
26 prepayment obligations for the current tax year.

27 (5)(a) Except as provided in (b) of this subsection, moneys
28 collected under this section are deposited in the general fund.

29 (b) Beginning January 1, 2014, moneys collected from taxpayers
30 for premiums written on qualified health benefit plans and qualified
31 dental plans offered through the health benefit exchange under
32 chapter 43.71 RCW must be deposited in the health benefit exchange
33 account under RCW 43.71.060.

34 (6) The taxes imposed in this section do not apply to:

35 (a) Amounts received by any taxpayer from the United States or
36 any instrumentality thereof as prepayments for health care services
37 provided under Title XVIII (medicare) of the federal social security
38 act.

39 (b) Amounts received by any taxpayer from the state of Washington
40 as prepayments for health care services provided under:

1 (i) The medical care services program as provided in RCW
2 74.09.035; or

3 (ii) The Washington basic health plan on behalf of subsidized
4 enrollees as provided in chapter 70.47 RCW.

5 ~~(c) ((Amounts received by any health care service contractor as
6 defined in chapter 48.44 RCW, or any health maintenance organization
7 as defined in chapter 48.46 RCW, as prepayments for health care
8 services included within the definition of practice of dentistry
9 under RCW 18.32.020, except amounts received for pediatric oral
10 services that qualify as coverage for the minimum essential coverage
11 requirement under P.L. 111-148 (2010), as amended, and for stand-
12 alone family dental plans as defined in RCW 43.71.080(4)(a), only
13 when offered in the individual market, as defined in RCW
14 48.43.005(27), or to a small group, as defined in RCW 48.43.005(33).~~

15 ~~(d))~~ Participant contributions to self-funded multiple employer
16 welfare arrangements that are not taxable in this state.

17 (7) Beginning January 1, 2000, the state preempts the field of
18 imposing excise or privilege taxes upon taxpayers and no county,
19 city, town, or other municipal subdivision has the right to impose
20 any such taxes upon such taxpayers. This subsection is limited to
21 premiums and payments for health benefit plans offered by health care
22 service contractors under chapter 48.44 RCW, health maintenance
23 organizations under chapter 48.46 RCW, and self-funded multiple
24 employer welfare arrangements as defined in RCW 48.125.010. The
25 preemption authorized by this subsection must not impair the ability
26 of a county, city, town, or other municipal subdivision to impose
27 excise or privilege taxes upon the health care services directly
28 delivered by the employees of a health maintenance organization under
29 chapter 48.46 RCW.

30 (8) (a) The taxes imposed by this section apply to a self-funded
31 multiple employer welfare arrangement only in the event that they are
32 not preempted by the employee retirement income security act of 1974,
33 as amended, 29 U.S.C. Sec. 1001 et seq. The arrangements and the
34 commissioner must initially request an advisory opinion from the
35 United States department of labor or obtain a declaratory ruling from
36 a federal court on the legality of imposing state premium taxes on
37 these arrangements. Once the legality of the taxes has been
38 determined, the multiple employer welfare arrangement certified by
39 the insurance commissioner must begin payment of these taxes.

1 (b) If there has not been a final determination of the legality
2 of these taxes, then beginning on the earlier of (i) the date the
3 fourth multiple employer welfare arrangement has been certified by
4 the insurance commissioner, or (ii) April 1, 2006, the arrangement
5 must deposit the taxes imposed by this section into an interest
6 bearing escrow account maintained by the arrangement. Upon a final
7 determination that the taxes are not preempted by the employee
8 retirement income security act of 1974, as amended, 29 U.S.C. Sec.
9 1001 et seq., all funds in the interest bearing escrow account must
10 be transferred to the state treasurer.

11 (9) The effect of transferring contracts for health care services
12 from one taxpayer to another taxpayer is to transfer the tax
13 prepayment obligation with respect to the contracts.

14 (10) On or before June 1st of each year, the commissioner must
15 notify each taxpayer required to make prepayments in that year of the
16 amount of each prepayment and must provide remittance forms to be
17 used by the taxpayer. However, a taxpayer's responsibility to make
18 prepayments is not affected by failure of the commissioner to send,
19 or the taxpayer to receive, the notice or forms.

20 **Sec. 105.** RCW 82.04.405 and 1998 c 311 s 4 are each amended to
21 read as follows:

22 ~~((This))~~ (1) Except as provided in subsection (2) of this
23 section, this chapter shall not apply to the gross income of credit
24 unions organized under the laws of this state, any other state, or
25 the United States.

26 (2)(a) Beginning October 1, 2025, if a credit union organized
27 under the laws of this state merges or acquires a bank that is
28 regulated by the department of financial institutions, the credit
29 union no longer qualifies for the exemption from business and
30 occupation tax in subsection (1) of this section and is subject to
31 tax equal to the gross income of the credit union, multiplied by 1.2
32 percent.

33 (b) This subsection (2) does not apply to transactions for which
34 an application has been submitted for regulatory approval prior to
35 the effective date of this section.

36 NEW SECTION. **Sec. 106.** The following acts or parts of acts are
37 each repealed:

1 (1) RCW 82.04.062 ("Sale at wholesale," "sale at retail" excludes
2 sale of precious metal bullion and monetized bullion—Computation of
3 tax) and 1985 c 471 s 5;

4 (2) RCW 82.16.0497 (Credit—Light and power business, gas
5 distribution business) and 2020 c 139 s 26, 2006 c 213 s 1, & 2001 c
6 214 s 13;

7 (3) RCW 82.04.44525 (Credit—New employment for international
8 service activities in eligible areas—Designation of census tracts for
9 eligibility—Records—Tax due upon ineligibility—Interest assessment—
10 Information from employment security department) and 2009 c 535 s
11 1104, 2008 c 81 s 9, & 1998 c 313 s 2;

12 (4) RCW 82.04.272 (Tax on warehousing and reselling prescription
13 drugs) and 2013 c 19 s 127, 2003 c 168 s 401, & 1998 c 343 s 1;

14 (5) RCW 82.04.315 (Exemptions—International banking facilities)
15 and 1982 c 95 s 7;

16 (6) RCW 82.04.4292 (Deductions—Interest on investments or loans
17 secured by mortgages or deeds of trust) and 2012 2nd sp.s. c 6 s 102,
18 2010 1st sp.s. c 23 s 301, & 1980 c 37 s 12;

19 (7) RCW 82.04.29005 (Tax on loan interest—2012 2nd sp.s. c 6) and
20 2012 2nd sp.s. c 6 s 101; and

21 (8) RCW 82.04.434 (Credit—Public safety standards and testing)
22 and 1991 c 13 s 1.

23 PART II

24 CORRECTING INTERNAL REFERENCES

25 **Sec. 201.** RCW 82.04.29004 and 2019 c 420 s 2 are each amended to
26 read as follows:

27 (1) Beginning January 1, 2020, in addition to any other taxes
28 imposed under this chapter, an additional tax is imposed on specified
29 financial institutions. The additional tax is equal to the gross
30 income of the business taxable under RCW 82.04.290(2) multiplied by
31 the rate of 1.2 percent.

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

34 (a) "Affiliated" means a person that directly or indirectly,
35 through one or more intermediaries, controls, is controlled by, or is
36 under common control with another person. For purposes of this
37 subsection (2) (a), "control" means the possession, directly or

1 indirectly, of more than (~~fifty~~) 50 percent of the power to direct
2 or cause the direction of the management and policies of a person,
3 whether through the ownership of voting shares, by contract, or
4 otherwise.

5 (b) "Consolidated financial institution group" means all
6 financial institutions that are affiliated with each other.

7 (c) "Consolidated financial statement" means a consolidated
8 financial institution group's consolidated reports of condition and
9 income filed with the federal financial institutions examination
10 council, or successor agency.

11 (d) "Financial institution" means:

12 (i) Any corporation or other business entity chartered under
13 Titles 30A, 30B, 31, 32, and 33 RCW, or registered under the federal
14 bank holding company act of 1956, as amended, or registered as a
15 savings and loan holding company under the federal national housing
16 act, as amended;

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

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

22 (iv) Any bank or thrift institution incorporated or organized
23 under the laws of any state;

24 (v) Any corporation organized under the provisions of 12 U.S.C.
25 Sec. 611 through 631;

26 (vi) Any agency or branch of a foreign depository as defined in
27 12 U.S.C. Sec. 3101 (~~that is not exempt under RCW 82.04.315~~);

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

31 (viii) Any corporation or other business entity who receives
32 gross income taxable under RCW 82.04.290, and whose voting interests
33 are more than (~~fifty~~) 50 percent owned, directly or indirectly, by
34 any person or business entity described in (d)(i) through (vii) of
35 this subsection other than an insurance company liable for the
36 insurance premiums tax under RCW 48.14.020 or any other company
37 taxable under chapter 48.14 RCW;

38 (ix)(A) A corporation or other business entity that receives more
39 than (~~fifty~~) 50 percent of its total gross income for federal
40 income tax purposes from finance leases. For purposes of this

1 subsection, a "finance lease" means a lease that meets two
2 requirements:

3 (I) It is the type of lease permitted to be made by national
4 banks (see 12 U.S.C. Sec. 24(7) and (10), comptroller of the currency
5 regulations, part 23, leasing (added by 56 C.F.R. Sec. 28314, June
6 20, 1991, effective July 22, 1991), and regulation Y of the federal
7 reserve system 12 C.F.R. Part 225.25, as amended); and

8 (II) It is the economic equivalent of an extension of credit,
9 i.e., the lease is treated by the lessor as a loan for federal income
10 tax purposes. In no event does a lease qualify as an extension of
11 credit where the lessor takes depreciation on such property for
12 federal income tax purposes.

13 (B) For this classification to apply, the average of the gross
14 income in the current tax year and immediately preceding two tax
15 years must satisfy the more than (~~(fifty)~~) 50 percent requirement;

16 (x) Any other person or business entity, other than an insurance
17 general agent taxable under RCW 82.04.280(1)(e), an insurance
18 business exempt from the business and occupation tax under RCW
19 82.04.320, a real estate broker taxable under RCW 82.04.255, a
20 securities dealer or international investment management company
21 taxable under RCW 82.04.290(2), that receives more than (~~(fifty)~~) 50
22 percent of its gross receipts from activities that a person described
23 in (d)(ii) through (vii) and (ix) of this subsection is authorized to
24 transact.

25 (e)(i) "Specified financial institution" means a financial
26 institution that is a member of a consolidated financial institution
27 group that reported on its consolidated financial statement for the
28 previous calendar year annual net income of at least (~~(one billion~~
29 ~~dollars)~~) \$1,000,000,000, not including net income attributable to
30 noncontrolling interests, as the terms "net income" and
31 "noncontrolling interest" are used in the consolidated financial
32 statement.

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

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

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

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

13 **Sec. 202.** RCW 82.04.280 and 2019 c 449 s 1 are each amended to
14 read as follows:

15 (1) Upon every person engaging within this state in the business
16 of: (a) Printing materials other than newspapers, and of publishing
17 periodicals or magazines; (b) building, repairing or improving any
18 street, place, road, highway, easement, right-of-way, mass public
19 transportation terminal or parking facility, bridge, tunnel, or
20 trestle which is owned by a municipal corporation or political
21 subdivision of the state or by the United States and which is used or
22 to be used, primarily for foot or vehicular traffic including mass
23 transportation vehicles of any kind and including any readjustment,
24 reconstruction or relocation of the facilities of any public, private
25 or cooperatively owned utility or railroad in the course of such
26 building, repairing or improving, the cost of which readjustment,
27 reconstruction, or relocation, is the responsibility of the public
28 authority whose street, place, road, highway, easement, right-of-way,
29 mass public transportation terminal or parking facility, bridge,
30 tunnel, or trestle is being built, repaired or improved; (c)
31 extracting for hire or processing for hire, except persons taxable as
32 extractors for hire or processors for hire under another section of
33 this chapter; (d) operating a cold storage warehouse or storage
34 warehouse, but not including the rental of cold storage lockers; (e)
35 representing and performing services for fire or casualty insurance
36 companies as an independent resident managing general agent licensed
37 under the provisions of chapter 48.17 RCW; (f) radio and television
38 broadcasting, but excluding revenues from network, national, and
39 regional advertising computed either: (i) As a standard deduction

1 that the department must publish by rule by September 30, 2020, and
2 by September 30th of every fifth year thereafter, based on the
3 national average thereof as reported by the United States census
4 bureau's economic census; or (ii) in lieu thereof by itemization by
5 the individual broadcasting station, and excluding that portion of
6 revenue represented by the out-of-state audience computed as a ratio
7 to the broadcasting station's total audience as measured by the 0.5
8 millivolt/meter signal strength contour for AM radio, the one
9 millivolt/meter or (~~(sixty)~~) 60 dBu signal strength contour for FM
10 radio, the (~~(twenty-eight)~~) 28 dBu signal strength contour for
11 television channels two through six, the (~~(thirty-six)~~) 36 dBu signal
12 strength contour for television channels seven through (~~(thirteen)~~)
13 13, and the (~~(forty-one)~~) 41 dBu signal strength contour for
14 television channels (~~(fourteen)~~) 14 through (~~(sixty-nine)~~) 69 with
15 delivery by wire, satellite, or any other means, if any; (g) engaging
16 in activities which bring a person within the definition of consumer
17 contained in RCW 82.04.190(6); as to such persons, the amount of tax
18 on such business is equal to the gross income of the business
19 multiplied by the rate of 0.484 percent.

20 (2) For the purposes of this section, the following definitions
21 apply unless the context clearly requires otherwise.

22 (a) "Cold storage warehouse" means a storage warehouse used to
23 store fresh and/or frozen perishable fruits or vegetables, meat,
24 seafood, dairy products, or fowl, or any combination thereof, at a
25 desired temperature to maintain the quality of the product for
26 orderly marketing.

27 (b) "Storage warehouse" means a building or structure, or any
28 part thereof, in which goods, wares, or merchandise are received for
29 storage for compensation, except field warehouses, fruit warehouses,
30 fruit packing plants, warehouses licensed under chapter 22.09 RCW,
31 public garages storing automobiles, railroad freight sheds, docks and
32 wharves, and "self-storage" or "mini storage" facilities whereby
33 customers have direct access to individual storage areas by separate
34 entrance. (~~("Storage warehouse" does not include a building or
35 structure, or that part of such building or structure, in which an
36 activity taxable under RCW 82.04.272 is conducted.)~~)

37 (c) "Periodical or magazine" means a printed publication, other
38 than a newspaper, issued regularly at stated intervals at least once
39 every three months, including any supplement or special edition of
40 the publication.

1 (b) Within 30 days of the notice of additional tax due as a
2 result of the person's failure to fully comply with subsection (2) of
3 this section, the department determines that the person has come into
4 full compliance with subsection (2) of this section.

5 (4) For the purposes of subsection (1)(b) of this section, if a
6 taxpayer is subject to the reconciliation provisions of RCW
7 82.04.462(4), and calculates gross income of the business subject to
8 the tax imposed under this section for the immediately preceding
9 calendar year, or aggregate gross income of the business subject to
10 the tax imposed under this section for the immediately preceding
11 calendar year for all affiliated persons, based on incomplete
12 information, the taxpayer must correct the reporting for the current
13 calendar year when complete information for the immediately preceding
14 calendar year is available.

15 (5) For purposes of this section, the following definitions
16 apply:

17 (a) "Affiliate" means a person that directly or indirectly,
18 through one or more intermediaries, controls, is controlled by, or is
19 under common control with another person.

20 (b) "Individual storage space" does not include long-term
21 designated parking spaces.

22 **Sec. 302.** RCW 82.04.390 and 1961 c 15 s 82.04.390 are each
23 amended to read as follows:

24 This chapter shall not apply to gross proceeds derived from the
25 sale of real estate. A sale of real estate does not include the gross
26 proceeds derived from individual storage space rentals or leases for
27 30 days or longer. This however, shall not be construed to allow a
28 deduction of amounts received as commissions from the sale of real
29 estate, nor as fees, handling charges, discounts, interest or similar
30 financial charges resulting from, or relating to, real estate
31 transactions.

32 **Sec. 303.** RCW 82.04.460 and 2023 c 286 s 5 are each amended to
33 read as follows:

34 (1) Except as otherwise provided in this section, any person
35 earning apportionable income taxable under this chapter and also
36 taxable in another state must, for the purpose of computing tax
37 liability under this chapter, apportion to this state, in accordance

1 with RCW 82.04.462, that portion of the person's apportionable income
2 derived from business activities performed within this state.

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

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

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

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

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

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

35 (i) RCW 82.04.255;

36 (ii) RCW 82.04.260 (3), (5), (6), (7), (8), (9), (~~((10))~~) and
37 (~~((13))~~) (12);

38 (iii) RCW 82.04.280(1)(e);

39 (iv) RCW 82.04.285;

40 (v) RCW 82.04.286;

1 (vi) RCW 82.04.290;

2 (vii) RCW 82.04.2907;

3 (viii) RCW 82.04.2908;

4 (ix) RCW 82.04.263, but only to the extent of any activity that
5 would be taxable under any of the provisions enumerated under (a)(i)
6 through (viii) of this subsection (4) if the tax classification in
7 RCW 82.04.263 did not exist; (~~and~~)

8 (x) RCW 82.04.280(1)(a) or exempted under RCW 82.04.759, but only
9 with respect to advertising; and

10 (xi) Section 301 of this act.

11 (b)(i) "Taxable in another state" means that the taxpayer is
12 subject to a business activities tax by another state on its income
13 received from engaging in apportionable activities; or the taxpayer
14 is not subject to a business activities tax by another state on its
15 income received from engaging in apportionable activities, but any
16 other state has jurisdiction to subject the taxpayer to a business
17 activities tax on such income under the substantial nexus standards
18 in RCW 82.04.067(1).

19 (ii) For purposes of this subsection (4)(b), "business activities
20 tax" and "state" have the same meaning as in RCW 82.04.462.

21 **Sec. 304.** RCW 82.04.460 and 2014 c 97 s 304 are each amended to
22 read as follows:

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

29 (2) The department must by rule provide a method of apportioning
30 the apportionable income of financial institutions, where such
31 apportionable income is taxable under RCW 82.04.290. The rule adopted
32 by the department must, to the extent feasible, be consistent with
33 the multistate tax commission's recommended formula for the
34 apportionment and allocation of net income of financial institutions
35 as existing on June 1, 2010, or such subsequent date as may be
36 provided by the department by rule, consistent with the purposes of
37 this section, except that:

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

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

5 (3) The department may by rule provide a method or methods of
6 apportioning or allocating gross income derived from sales of
7 telecommunications service and competitive telephone service taxed
8 under this chapter, if the gross proceeds of sales subject to tax
9 under this chapter do not fairly represent the extent of the
10 taxpayer's income attributable to this state. The rule must provide
11 for an equitable and constitutionally permissible division of the tax
12 base.

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

15 (a) "Apportionable income" means gross income of the business
16 generated from engaging in apportionable activities, including income
17 received from apportionable activities performed outside this state
18 if the income would be taxable under this chapter if received from
19 activities in this state, less the exemptions and deductions
20 allowable under this chapter. For purposes of this subsection,
21 "apportionable activities" means only those activities taxed under:

22 (i) RCW 82.04.255;

23 (ii) RCW 82.04.260 (3), (5), (6), (7), (8), (9), (~~((10))~~) and
24 (~~((13))~~) (12);

25 (iii) RCW 82.04.280(1)(e);

26 (iv) RCW 82.04.285;

27 (v) RCW 82.04.286;

28 (vi) RCW 82.04.290;

29 (vii) RCW 82.04.2907;

30 (viii) RCW 82.04.2908;

31 (ix) RCW 82.04.263, but only to the extent of any activity that
32 would be taxable under any of the provisions enumerated under (a)(i)
33 through (viii) of this subsection (4) if the tax classification in
34 RCW 82.04.263 did not exist; (~~and~~)

35 (x) RCW 82.04.260(~~((14))~~) (13) and 82.04.280(1)(a), but only with
36 respect to advertising; and

37 (xi) Section 301 of this act.

38 (b)(i) "Taxable in another state" means that the taxpayer is
39 subject to a business activities tax by another state on its income
40 received from engaging in apportionable activities; or the taxpayer

1 is not subject to a business activities tax by another state on its
2 income received from engaging in apportionable activities, but any
3 other state has jurisdiction to subject the taxpayer to a business
4 activities tax on such income under the substantial nexus standards
5 in RCW 82.04.067(1).

6 (ii) For purposes of this subsection (4)(b), "business activities
7 tax" and "state" have the same meaning as in RCW 82.04.462.

8 **PART IV**
9 **MISCELLANEOUS**

10 NEW SECTION. **Sec. 401.** If any provision of this act or its
11 application to any person or circumstance is held invalid, the
12 remainder of the act or the application of the provision to other
13 persons or circumstances is not affected.

14 NEW SECTION. **Sec. 402.** This act is necessary for the support of
15 the state government and its existing public institutions.

16 NEW SECTION. **Sec. 403.** Section 101 of this act expires January
17 1, 2034.

18 NEW SECTION. **Sec. 404.** Section 102 of this act takes effect
19 January 1, 2034.

20 NEW SECTION. **Sec. 405.** Sections 301 through 303 of this act
21 take effect April 1, 2026.

22 NEW SECTION. **Sec. 406.** Section 303 of this act expires January
23 1, 2034.

24 NEW SECTION. **Sec. 407.** Section 304 of this act takes effect
25 January 1, 2034.

26 NEW SECTION. **Sec. 408.** Except for sections 102 and 301 through
27 304 of this act, this act takes effect January 1, 2026.

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