
HOUSE BILL 1320

State of Washington

69th Legislature

2025 Regular Session

By Representative Street; by request of Office of Financial Management

1 AN ACT Relating to modifying business and occupation tax rates to
2 fund programs and services to benefit Washingtonians; amending RCW
3 82.04.230, 82.04.240, 82.04.2404, 82.04.241, 82.04.250, 82.04.255,
4 82.04.257, 82.04.260, 82.04.2602, 82.04.263, 82.04.270, 82.04.272,
5 82.04.280, 82.04.285, 82.04.287, 82.04.290, 82.04.2905, 82.04.2906,
6 82.04.2907, 82.04.2908, 82.04.294, and 82.04.298; reenacting and
7 amending RCW 82.04.260; creating a new section; providing effective
8 dates; and providing an expiration date.

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

10 **Sec. 1.** RCW 82.04.230 and 2006 c 300 s 5 are each amended to
11 read as follows:

12 Upon every person engaging within this state in business as an
13 extractor, except persons taxable as an extractor under any other
14 provision in this chapter; as to such persons the amount of the tax
15 with respect to such business shall be equal to the value of the
16 products, including by-products, extracted for sale or for commercial
17 or industrial use, multiplied by the rate of (~~0.484~~) 0.5324
18 percent.

19 The measure of the tax is the value of the products, including
20 by-products, so extracted, regardless of the place of sale or the
21 fact that deliveries may be made to points outside the state.

1 **Sec. 2.** RCW 82.04.240 and 2004 c 24 s 4 are each amended to read
2 as follows:

3 Upon every person engaging within this state in business as a
4 manufacturer, except persons taxable as manufacturers under other
5 provisions of this chapter; as to such persons the amount of the tax
6 with respect to such business shall be equal to the value of the
7 products, including by-products, manufactured, multiplied by the rate
8 of (~~0.484~~) 0.5324 percent.

9 The measure of the tax is the value of the products, including
10 by-products, so manufactured regardless of the place of sale or the
11 fact that deliveries may be made to points outside the state.

12 **Sec. 3.** RCW 82.04.2404 and 2024 c 261 s 10 are each amended to
13 read as follows:

14 (1) Upon every person engaging within this state in the business
15 of manufacturing or processing for hire semiconductor materials, as
16 to such persons the amount of tax with respect to such business is,
17 in the case of manufacturers, equal to the value of the product
18 manufactured, or, in the case of processors for hire, equal to the
19 gross income of the business, multiplied by the rate of (~~0.275~~)
20 0.3025 percent.

21 (2) For the purposes of this section "semiconductor materials"
22 means silicon crystals, silicon ingots, raw polished semiconductor
23 wafers, and compound semiconductor wafers.

24 (3) A person reporting under the tax rate provided in this
25 section must file a complete annual tax performance report with the
26 department under RCW 82.32.534.

27 (4) Any person who has claimed the preferential tax rate under
28 this section must reimburse the department for 50 percent of the
29 amount of the tax preference under this section, if the number of
30 persons employed by the person claiming the tax preference is less
31 than 90 percent of the person's three-year employment average for the
32 three years immediately preceding the year in which the preferential
33 tax rate is claimed.

34 (5) This section expires January 1, 2034.

35 **Sec. 4.** RCW 82.04.241 and 2024 c 261 s 2 are each amended to
36 read as follows:

37 (1) Upon every person engaging within this state in the business
38 of manufacturing semiconductor materials, as to such persons the

1 amount of tax with respect to such business is, in the case of
2 manufacturers, equal to the value of the product manufactured, or, in
3 the case of processors for hire, equal to the gross income of the
4 business, multiplied by the rate of (~~0.275~~) 0.3025 percent. For the
5 purposes of this subsection "semiconductor materials" means silicon
6 crystals, silicon ingots, raw polished semiconductor wafers, compound
7 semiconductors, integrated circuits, and microchips.

8 (2) A person reporting under the tax rate provided in this
9 section must file a complete annual tax performance report with the
10 department under RCW 82.32.534.

11 (3) Pursuant to RCW 82.32.790, this section is contingent on the
12 siting and commercial operation of a significant semiconductor
13 microchip fabrication facility in the state of Washington.

14 (4) Any person who has claimed the preferential rate under this
15 section must reimburse the department for 50 percent of the amount of
16 the tax preference under this section if the number of persons
17 employed by the person claiming the tax preference is less than 90
18 percent of the person's three-year employment average for the three
19 years immediately preceding the year in which the preferential rate
20 is claimed.

21 (5) This section expires January 1, 2034, unless the contingency
22 in RCW 82.32.790(2) occurs.

23 **Sec. 5.** RCW 82.04.250 and 2014 c 97 s 402 are each amended to
24 read as follows:

25 (1) Upon every person engaging within this state in the business
26 of making sales at retail, except persons taxable as retailers under
27 other provisions of this chapter, as to such persons, the amount of
28 tax with respect to such business is equal to the gross proceeds of
29 sales of the business, multiplied by the rate of (~~0.471~~) 0.5181
30 percent.

31 (2) Upon every person engaging within this state in the business
32 of making sales at retail that are exempt from the tax imposed under
33 chapter 82.08 RCW by reason of RCW 82.08.0261, 82.08.0262, or
34 82.08.0263, except persons taxable under RCW 82.04.260(11) or
35 subsection (3) of this section, as to such persons, the amount of tax
36 with respect to such business is equal to the gross proceeds of sales
37 of the business, multiplied by the rate of (~~0.484~~) 0.5324 percent.

38 (3)(a) Until July 1, 2040, upon every person classified by the
39 federal aviation administration as a federal aviation regulation part

1 145 certificated repair station and that is engaging within this
2 state in the business of making sales at retail that are exempt from
3 the tax imposed under chapter 82.08 RCW by reason of RCW 82.08.0261,
4 82.08.0262, or 82.08.0263, as to such persons, the amount of tax with
5 respect to such business is equal to the gross proceeds of sales of
6 the business, multiplied by the rate of (~~(.2904)~~) 0.31944 percent.

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

10 **Sec. 6.** RCW 82.04.255 and 2011 c 322 s 2 are each amended to
11 read as follows:

12 (1) Upon every person engaging within the state in the business
13 of providing real estate brokerage services; as to such persons, the
14 amount of the tax with respect to such business is equal to the gross
15 income of the business, multiplied by the rate of (~~(1.5)~~) 1.65
16 percent.

17 (2) The measure of the tax on real estate commissions earned by
18 the real estate firm is the gross commission earned by the particular
19 real estate firm including that portion of the commission paid to
20 brokers, including designated and managing brokers, in the same firm
21 on a particular transaction. However, when a real estate commission
22 on a particular transaction is divided among real estate firms at the
23 closing of the transaction, including a firm located out of state,
24 each firm must pay the tax only upon its respective shares of said
25 commission. Moreover, when the real estate firm has paid the tax as
26 provided herein, brokers, including designated and managing brokers,
27 within the same real estate firm may not be required to pay a similar
28 tax upon the same transaction. If any firm located out of state
29 receives a share of commission on a particular transaction, that
30 company or broker must pay the tax based on the requirements of this
31 section and RCW 82.04.067.

32 (3) For the purposes of this section, "broker," "designated
33 broker," "managing broker," and "real estate firm" have the same
34 meaning as provided in RCW 18.85.011.

35 **Sec. 7.** RCW 82.04.257 and 2017 c 323 s 515 are each amended to
36 read as follows:

37 (1) Except as provided in subsection (2) of this section, upon
38 every person engaging within this state in the business of making

1 sales at retail or wholesale of digital goods, digital codes, digital
2 automated services, or services described in RCW 82.04.050 (2)(g) or
3 (6)(c), as to such persons, the amount of tax with respect to such
4 business is equal to the gross proceeds of sales of the business,
5 multiplied by the rate of (~~0.471~~) 0.5181 percent in the case of
6 retail sales and by the rate of (~~0.484~~) 0.5324 percent in the case
7 of wholesale sales.

8 (2) Persons providing subscription television services or
9 subscription radio services are subject to tax under RCW 82.04.290(2)
10 on the gross income of the business received from providing such
11 services.

12 (3) For purposes of this section, a person is considered to be
13 engaging within this state in the business of making sales of digital
14 goods, digital codes, digital automated services, or services
15 described in RCW 82.04.050 (2)(g) or (6)(c), if the person makes
16 sales of digital goods, digital codes, digital automated services, or
17 services described in RCW 82.04.050 (2)(g) or (6)(c) and the sales
18 are sourced to this state under RCW 82.32.730 for sales tax purposes
19 or would have been sourced to this state under RCW 82.32.730 if the
20 sale had been taxable under chapter 82.08 RCW.

21 (4) A person subject to tax under this section is subject to the
22 mandatory electronic filing and payment requirements in RCW
23 82.32.080.

24 **Sec. 8.** RCW 82.04.260 and 2023 c 422 s 5 and 2023 c 286 s 3 are
25 each reenacted and amended to read as follows:

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

28 (a) Wheat into flour, barley into pearl barley, soybeans into
29 soybean oil, canola into canola oil, canola meal, or canola by-
30 products, or sunflower seeds into sunflower oil; as to such persons
31 the amount of tax with respect to such business is equal to the value
32 of the flour, pearl barley, oil, canola meal, or canola by-product
33 manufactured, multiplied by the rate of (~~0.138~~) 0.1518 percent;

34 (b) Beginning July 1, 2035, seafood products that remain in a
35 raw, raw frozen, or raw salted state at the completion of the
36 manufacturing by that person; or selling manufactured seafood
37 products that remain in a raw, raw frozen, or raw salted state at the
38 completion of the manufacturing, to purchasers who transport in the
39 ordinary course of business the goods out of this state; as to such

1 persons the amount of tax with respect to such business is equal to
2 the value of the products manufactured or the gross proceeds derived
3 from such sales, multiplied by the rate of (~~0.138~~) 0.1518 percent.
4 Sellers must keep and preserve records for the period required by RCW
5 82.32.070 establishing that the goods were transported by the
6 purchaser in the ordinary course of business out of this state;

7 (c)(i) Except as provided otherwise in (c)(iii) of this
8 subsection, beginning July 1, 2035, until January 1, 2046, dairy
9 products; or selling dairy products that the person has manufactured
10 to purchasers who either transport in the ordinary course of business
11 the goods out of state or purchasers who use such dairy products as
12 an ingredient or component in the manufacturing of a dairy product;
13 as to such persons the tax imposed is equal to the value of the
14 products manufactured or the gross proceeds derived from such sales
15 multiplied by the rate of (~~0.138~~) 0.1518 percent. Sellers must keep
16 and preserve records for the period required by RCW 82.32.070
17 establishing that the goods were transported by the purchaser in the
18 ordinary course of business out of this state or sold to a
19 manufacturer for use as an ingredient or component in the
20 manufacturing of a dairy product.

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

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

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

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

35 (d)(i) Beginning July 1, 2035, fruits or vegetables by canning,
36 preserving, freezing, processing, or dehydrating fresh fruits or
37 vegetables, or selling at wholesale fruits or vegetables manufactured
38 by the seller by canning, preserving, freezing, processing, or
39 dehydrating fresh fruits or vegetables and sold to purchasers who
40 transport in the ordinary course of business the goods out of this

1 state; as to such persons the amount of tax with respect to such
2 business is equal to the value of the products manufactured or the
3 gross proceeds derived from such sales multiplied by the rate of
4 (~~(0.138)~~) 0.1518 percent. Sellers must keep and preserve records for
5 the period required by RCW 82.32.070 establishing that the goods were
6 transported by the purchaser in the ordinary course of business out
7 of this state.

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

11 (e) Wood biomass fuel; as to such persons the amount of tax with
12 respect to the business is equal to the value of wood biomass fuel
13 manufactured, multiplied by the rate of (~~(0.138)~~) 0.1518 percent. For
14 the purposes of this section, "wood biomass fuel" means a liquid or
15 gaseous fuel that is produced from lignocellulosic feedstocks,
16 including wood, forest, or field residue and dedicated energy crops,
17 and that does not include wood treated with chemical preservations
18 such as creosote, pentachlorophenol, or copper-chrome-arsenic.

19 (2) Upon every person engaging within this state in the business
20 of splitting or processing dried peas; as to such persons the amount
21 of tax with respect to such business is equal to the value of the
22 peas split or processed, multiplied by the rate of (~~(0.138)~~) 0.1518
23 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)~~) 0.5324 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)~~) 0.1518 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 \$250,000 or less; as to such persons the amount of the tax with
38 respect to such activities is equal to the gross income derived from
39 such activities multiplied by the rate of (~~(0.275)~~) 0.3025 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 \$250,000; as to such persons the amount of the tax with respect to
5 such activities is equal to the gross income derived from such
6 activities multiplied by the rate of:

7 (i) 0.275 percent through June 30, 2019~~((, and))~~;

8 (ii) 0.9 percent beginning July 1, 2019, through December 31,
9 2026; and

10 (iii) 0.99 percent beginning January 1, 2027.

11 (6) Upon every person engaging within this state in business as
12 an international steamship agent, international customs house broker,
13 international freight forwarder, vessel and/or cargo charter broker
14 in foreign commerce, and/or international air cargo agent; as to such
15 persons the amount of the tax with respect to only international
16 activities is equal to the gross income derived from such activities
17 multiplied by the rate of ~~((0.275))~~ 0.3025 percent.

18 (7) Upon every person engaging within this state in the business
19 of stevedoring and associated activities pertinent to the movement of
20 goods and commodities in waterborne interstate or foreign commerce;
21 as to such persons the amount of tax with respect to such business is
22 equal to the gross proceeds derived from such activities multiplied
23 by the rate of ~~((0.275))~~ 0.3025 percent. Persons subject to taxation
24 under this subsection are exempt from payment of taxes imposed by
25 chapter 82.16 RCW for that portion of their business subject to
26 taxation under this subsection. Stevedoring and associated activities
27 pertinent to the conduct of goods and commodities in waterborne
28 interstate or foreign commerce are defined as all activities of a
29 labor, service or transportation nature whereby cargo may be loaded
30 or unloaded to or from vessels or barges, passing over, onto or under
31 a wharf, pier, or similar structure; cargo may be moved to a
32 warehouse or similar holding or storage yard or area to await further
33 movement in import or export or may move to a consolidation freight
34 station and be stuffed, unstuffed, containerized, separated or
35 otherwise segregated or aggregated for delivery or loaded on any mode
36 of transportation for delivery to its consignee. Specific activities
37 included in this definition are: Wharfage, handling, loading,
38 unloading, moving of cargo to a convenient place of delivery to the
39 consignee or a convenient place for further movement to export mode;
40 documentation services in connection with the receipt, delivery,

1 checking, care, custody and control of cargo required in the transfer
2 of cargo; imported automobile handling prior to delivery to
3 consignee; terminal stevedoring and incidental vessel services,
4 including but not limited to plugging and unplugging refrigerator
5 service to containers, trailers, and other refrigerated cargo
6 receptacles, and securing ship hatch covers.

7 (8) (a) Upon every person engaging within this state in the
8 business of disposing of low-level waste, as defined in RCW
9 70A.380.010; as to such persons the amount of the tax with respect to
10 such business is equal to the gross income of the business, excluding
11 any fees imposed under chapter 70A.384 RCW, multiplied by the rate of
12 (~~(3.3)~~) 3.63 percent.

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

17 (9) Upon every person engaging within this state as an insurance
18 producer or title insurance agent licensed under chapter 48.17 RCW or
19 a surplus line broker licensed under chapter 48.15 RCW; as to such
20 persons, the amount of the tax with respect to such licensed
21 activities is equal to the gross income of such business multiplied
22 by the rate of (~~(0.484)~~) 0.5324 percent.

23 (10) Upon every person engaging within this state in business as
24 a hospital, as defined in chapter 70.41 RCW, that is operated as a
25 nonprofit corporation or by the state or any of its political
26 subdivisions, as to such persons, the amount of tax with respect to
27 such activities is equal to the gross income of the business
28 multiplied by the rate of 0.75 percent through June 30, 1995, and
29 (~~(1.5)~~) 1.65 percent thereafter.

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

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

1 (ii) 0.2904 percent beginning July 1, 2007, through March 31,
2 2020; (~~and~~)

3 (iii) (~~Beginning~~) 0.484 percent beginning April 1, 2020,
4 (~~0.484 percent~~) through December 31, 2026; and

5 (iv) Beginning January 1, 2027, 0.5324 percent, subject to any
6 reduction required under (e) of this subsection (11). The tax rates
7 in (a)(iii) of this subsection and this subsection (11) (~~(a)(iii)~~)
8 (iv) applies to all business activities described in this subsection
9 (11) (a).

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

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

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

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

28 (B) (I) 0.484 percent on all other business activities described
29 in this subsection (11) (b) through December 31, 2026; and

30 (II) 0.5324 percent on all other business activities described in
31 this subsection (11) (b) beginning January 1, 2027.

32 (c) For the purposes of this subsection (11), "commercial
33 airplane" and "component" have the same meanings as provided in RCW
34 82.32.550.

35 (d) (i) In addition to all other requirements under this title, a
36 person reporting under the tax rate provided in this subsection (11)
37 must file a complete annual tax performance report with the
38 department under RCW 82.32.534. However, this requirement does not
39 apply to persons reporting under the tax rate in (a)(iii) of this
40 subsection (11), so long as that rate remains (~~0.484~~) 0.5324

1 percent, or under any of the tax rates in (b)(ii)(A) and (B) of this
2 subsection (11), so long as those tax rates remain the rate imposed
3 pursuant to RCW 82.04.250(1) and (~~0.484~~) 0.5324 percent,
4 respectively.

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

13 (e)(i) After March 31, 2021, the tax rates under (a)(iii) and
14 (iv) and (b)(ii) of this subsection (11) must be reduced to (~~0.357~~)
15 0.3927 percent provided the conditions in RCW 82.04.2602 are met. The
16 effective date of the rates authorized under this subsection (11)(e)
17 must occur on the first day of the next calendar quarter that is at
18 least 60 days after the department receives the last of the two
19 written notices pursuant to RCW 82.04.2602 (3) and (4).

20 (ii) Both a significant commercial airplane manufacturer
21 separately and the rest of the aerospace industry as a whole,
22 receiving the rate of (~~0.357~~) 0.3927 percent under this subsection
23 (11)(e) are subject to the aerospace apprenticeship utilization rates
24 required under RCW 49.04.220 by April 1, 2026, or five years after
25 the effective date of the (~~0.357~~) 0.3927 percent rate authorized
26 under this subsection (11)(e), whichever is later, as determined by
27 the department of labor and industries.

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

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

32 (ii) With respect to the manufacturing of commercial airplanes or
33 making sales, at retail or wholesale, of commercial airplanes, this
34 subsection (11) does not apply on and after July 1st of the year in
35 which the department makes a determination that any final assembly or
36 wing assembly of any version or variant of a commercial airplane that
37 is the basis of a siting of a significant commercial airplane
38 manufacturing program in the state under RCW 82.32.850 has been sited
39 outside the state of Washington. This subsection (11)(f)(ii) only
40 applies to the manufacturing or sale of commercial airplanes that are

1 the basis of a siting of a significant commercial airplane
2 manufacturing program in the state under RCW 82.32.850. This
3 subsection (11)(f)(ii) continues to apply during the time that a
4 person is subject to the tax rate in (a)(iii) of this subsection
5 (11).

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

10 (12)(a) Until July 1, 2045, upon every person engaging within
11 this state in the business of extracting timber or extracting for
12 hire timber; as to such persons the amount of tax with respect to the
13 business is, in the case of extractors, equal to the value of
14 products, including by-products, extracted, or in the case of
15 extractors for hire, equal to the gross income of the business,
16 multiplied by the rate of 0.4235 percent from July 1, 2006, through
17 June 30, 2007, (~~and~~) 0.2904 percent from July 1, 2007, through
18 December 31, 2026, and 0.31944 percent from January 1, 2027, through
19 June 30, 2045.

20 (b) Until July 1, 2045, upon every person engaging within this
21 state in the business of manufacturing or processing for hire: (i)
22 Timber into timber products or wood products; (ii) timber products
23 into other timber products or wood products; or (iii) products
24 defined in RCW 19.27.570(1); as to such persons the amount of the tax
25 with respect to the business is, in the case of manufacturers, equal
26 to the value of products, including by-products, manufactured, or in
27 the case of processors for hire, equal to the gross income of the
28 business, multiplied by the rate of 0.4235 percent from July 1, 2006,
29 through June 30, 2007, (~~and~~) 0.2904 percent from July 1, 2007,
30 through December 31, 2026, and 0.31944 percent from January 1, 2027,
31 through June 30, 2045.

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

1 rate of 0.4235 percent from July 1, 2006, through June 30, 2007,
2 (~~and~~) 0.2904 percent from July 1, 2007, through December 31, 2026,
3 and 0.31944 percent from January 1, 2027, through June 30, 2045.

4 (d) Until July 1, 2045, upon every person engaging within this
5 state in the business of selling standing timber; as to such persons
6 the amount of the tax with respect to the business is equal to the
7 gross income of the business multiplied by the rate of (~~0.2904~~)
8 0.31944 percent. For purposes of this subsection (12)(d), "selling
9 standing timber" means the sale of timber apart from the land, where
10 the buyer is required to sever the timber within 30 months from the
11 date of the original contract, regardless of the method of payment
12 for the timber and whether title to the timber transfers before,
13 upon, or after severance.

14 (e) For purposes of this subsection, the following definitions
15 apply:

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

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

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

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

1 (v) "Timber products" means:

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

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

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

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

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

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

21 (13) Upon every person engaging within this state in inspecting,
22 testing, labeling, and storing canned salmon owned by another person,
23 as to such persons, the amount of tax with respect to such activities
24 is equal to the gross income derived from such activities multiplied
25 by the rate of (~~0.484~~) 0.5324 percent.

26 **Sec. 9.** RCW 82.04.260 and 2023 c 422 s 5 are each amended to
27 read as follows:

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

30 (a) Wheat into flour, barley into pearl barley, soybeans into
31 soybean oil, canola into canola oil, canola meal, or canola by-
32 products, or sunflower seeds into sunflower oil; as to such persons
33 the amount of tax with respect to such business is equal to the value
34 of the flour, pearl barley, oil, canola meal, or canola by-product
35 manufactured, multiplied by the rate of (~~0.138~~) 0.1518 percent;

36 (b) Beginning July 1, 2035, seafood products that remain in a
37 raw, raw frozen, or raw salted state at the completion of the
38 manufacturing by that person; or selling manufactured seafood
39 products that remain in a raw, raw frozen, or raw salted state at the

1 completion of the manufacturing, to purchasers who transport in the
2 ordinary course of business the goods out of this state; as to such
3 persons the amount of tax with respect to such business is equal to
4 the value of the products manufactured or the gross proceeds derived
5 from such sales, multiplied by the rate of (~~0.138~~) 0.1518 percent.
6 Sellers must keep and preserve records for the period required by RCW
7 82.32.070 establishing that the goods were transported by the
8 purchaser in the ordinary course of business out of this state;

9 (c) (i) Except as provided otherwise in (c) (iii) of this
10 subsection, beginning July 1, 2035, until January 1, 2046, dairy
11 products; or selling dairy products that the person has manufactured
12 to purchasers who either transport in the ordinary course of business
13 the goods out of state or purchasers who use such dairy products as
14 an ingredient or component in the manufacturing of a dairy product;
15 as to such persons the tax imposed is equal to the value of the
16 products manufactured or the gross proceeds derived from such sales
17 multiplied by the rate of (~~0.138~~) 0.1518 percent. Sellers must keep
18 and preserve records for the period required by RCW 82.32.070
19 establishing that the goods were transported by the purchaser in the
20 ordinary course of business out of this state or sold to a
21 manufacturer for use as an ingredient or component in the
22 manufacturing of a dairy product.

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

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

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

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

37 (d) (i) Beginning July 1, 2035, fruits or vegetables by canning,
38 preserving, freezing, processing, or dehydrating fresh fruits or
39 vegetables, or selling at wholesale fruits or vegetables manufactured
40 by the seller by canning, preserving, freezing, processing, or

1 dehydrating fresh fruits or vegetables and sold to purchasers who
2 transport in the ordinary course of business the goods out of this
3 state; as to such persons the amount of tax with respect to such
4 business is equal to the value of the products manufactured or the
5 gross proceeds derived from such sales multiplied by the rate of
6 (~~(0.138)~~) 0.1518 percent. Sellers must keep and preserve records for
7 the period required by RCW 82.32.070 establishing that the goods were
8 transported by the purchaser in the ordinary course of business out
9 of this state.

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

13 (e) Wood biomass fuel; as to such persons the amount of tax with
14 respect to the business is equal to the value of wood biomass fuel
15 manufactured, multiplied by the rate of (~~(0.138)~~) 0.1518 percent. For
16 the purposes of this section, "wood biomass fuel" means a liquid or
17 gaseous fuel that is produced from lignocellulosic feedstocks,
18 including wood, forest, or field residue and dedicated energy crops,
19 and that does not include wood treated with chemical preservations
20 such as creosote, pentachlorophenol, or copper-chrome-arsenic.

21 (2) Upon every person engaging within this state in the business
22 of splitting or processing dried peas; as to such persons the amount
23 of tax with respect to such business is equal to the value of the
24 peas split or processed, multiplied by the rate of (~~(0.138)~~) 0.1518
25 percent.

26 (3) Upon every nonprofit corporation and nonprofit association
27 engaging within this state in research and development, as to such
28 corporations and associations, the amount of tax with respect to such
29 activities is equal to the gross income derived from such activities
30 multiplied by the rate of (~~(0.484)~~) 0.5324 percent.

31 (4) Upon every person engaging within this state in the business
32 of slaughtering, breaking and/or processing perishable meat products
33 and/or selling the same at wholesale only and not at retail; as to
34 such persons the tax imposed is equal to the gross proceeds derived
35 from such sales multiplied by the rate of (~~(0.138)~~) 0.1518 percent.

36 (5)(a) Upon every person engaging within this state in the
37 business of acting as a travel agent or tour operator and whose
38 annual taxable amount for the prior calendar year from such business
39 was \$250,000 or less; as to such persons the amount of the tax with

1 respect to such activities is equal to the gross income derived from
2 such activities multiplied by the rate of (~~(0.275)~~) 0.3025 percent.

3 (b) Upon every person engaging within this state in the business
4 of acting as a travel agent or tour operator and whose annual taxable
5 amount for the prior calendar year from such business was more than
6 \$250,000; as to such persons the amount of the tax with respect to
7 such activities is equal to the gross income derived from such
8 activities multiplied by the rate of:

9 (i) 0.275 percent through June 30, 2019(~~(, and)~~);

10 (ii) 0.9 percent beginning July 1, 2019, through December 31,
11 2026; and

12 (iii) 0.99 percent beginning January 1, 2027.

13 (6) Upon every person engaging within this state in business as
14 an international steamship agent, international customs house broker,
15 international freight forwarder, vessel and/or cargo charter broker
16 in foreign commerce, and/or international air cargo agent; as to such
17 persons the amount of the tax with respect to only international
18 activities is equal to the gross income derived from such activities
19 multiplied by the rate of (~~(0.275)~~) 0.3025 percent.

20 (7) Upon every person engaging within this state in the business
21 of stevedoring and associated activities pertinent to the movement of
22 goods and commodities in waterborne interstate or foreign commerce;
23 as to such persons the amount of tax with respect to such business is
24 equal to the gross proceeds derived from such activities multiplied
25 by the rate of (~~(0.275)~~) 0.3025 percent. Persons subject to taxation
26 under this subsection are exempt from payment of taxes imposed by
27 chapter 82.16 RCW for that portion of their business subject to
28 taxation under this subsection. Stevedoring and associated activities
29 pertinent to the conduct of goods and commodities in waterborne
30 interstate or foreign commerce are defined as all activities of a
31 labor, service or transportation nature whereby cargo may be loaded
32 or unloaded to or from vessels or barges, passing over, onto or under
33 a wharf, pier, or similar structure; cargo may be moved to a
34 warehouse or similar holding or storage yard or area to await further
35 movement in import or export or may move to a consolidation freight
36 station and be stuffed, unstuffed, containerized, separated or
37 otherwise segregated or aggregated for delivery or loaded on any mode
38 of transportation for delivery to its consignee. Specific activities
39 included in this definition are: Wharfage, handling, loading,
40 unloading, moving of cargo to a convenient place of delivery to the

1 consignee or a convenient place for further movement to export mode;
2 documentation services in connection with the receipt, delivery,
3 checking, care, custody and control of cargo required in the transfer
4 of cargo; imported automobile handling prior to delivery to
5 consignee; terminal stevedoring and incidental vessel services,
6 including but not limited to plugging and unplugging refrigerator
7 service to containers, trailers, and other refrigerated cargo
8 receptacles, and securing ship hatch covers.

9 (8) (a) Upon every person engaging within this state in the
10 business of disposing of low-level waste, as defined in RCW
11 70A.380.010; as to such persons the amount of the tax with respect to
12 such business is equal to the gross income of the business, excluding
13 any fees imposed under chapter 70A.384 RCW, multiplied by the rate of
14 (~~(3.3)~~) 3.63 percent.

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

19 (9) Upon every person engaging within this state as an insurance
20 producer or title insurance agent licensed under chapter 48.17 RCW or
21 a surplus line broker licensed under chapter 48.15 RCW; as to such
22 persons, the amount of the tax with respect to such licensed
23 activities is equal to the gross income of such business multiplied
24 by the rate of (~~(0.484)~~) 0.5324 percent.

25 (10) Upon every person engaging within this state in business as
26 a hospital, as defined in chapter 70.41 RCW, that is operated as a
27 nonprofit corporation or by the state or any of its political
28 subdivisions, as to such persons, the amount of tax with respect to
29 such activities is equal to the gross income of the business
30 multiplied by the rate of 0.75 percent through June 30, 1995, and
31 (~~(1.5)~~) 1.65 percent thereafter.

32 (11) (a) Beginning October 1, 2005, upon every person engaging
33 within this state in the business of manufacturing commercial
34 airplanes, or components of such airplanes, or making sales, at
35 retail or wholesale, of commercial airplanes or components of such
36 airplanes, manufactured by the seller, as to such persons the amount
37 of tax with respect to such business is, in the case of
38 manufacturers, equal to the value of the product manufactured and the
39 gross proceeds of sales of the product manufactured, or in the case

1 of processors for hire, equal to the gross income of the business,
2 multiplied by the rate of:

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

4 (ii) 0.2904 percent beginning July 1, 2007, through March 31,
5 2020; (~~and~~)

6 (iii) (~~Beginning~~) 0.484 percent beginning April 1, 2020,
7 (~~0.484 percent~~) through December 31, 2026; and

8 (iv) Beginning January 1, 2027, 0.5324 percent, subject to any
9 reduction required under (e) of this subsection (11). The tax rates
10 in (a)(iii) of this subsection and this subsection (11)(a)(~~(iii)~~)
11 (iv) applies to all business activities described in this subsection
12 (11)(a).

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

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

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

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

31 (B) (I) 0.484 percent on all other business activities described
32 in this subsection (11)(b) through December 31, 2026; and

33 (II) 0.5324 percent on all other business activities described in
34 this subsection (11)(b) beginning January 1, 2027.

35 (c) For the purposes of this subsection (11), "commercial
36 airplane" and "component" have the same meanings as provided in RCW
37 82.32.550.

38 (d)(i) In addition to all other requirements under this title, a
39 person reporting under the tax rate provided in this subsection (11)
40 must file a complete annual tax performance report with the

1 department under RCW 82.32.534. However, this requirement does not
2 apply to persons reporting under the tax rate in (a)(iii) of this
3 subsection (11), so long as that rate remains (~~(0.484)~~) 0.5324
4 percent, or under any of the tax rates in (b)(ii)(A) and (B) of this
5 subsection (11), so long as those tax rates remain the rate imposed
6 pursuant to RCW 82.04.250(1) and (~~(0.484)~~) 0.5324 percent,
7 respectively.

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

16 (e)(i) After March 31, 2021, the tax rates under (a)(iii) and
17 (iv) and (b)(ii) of this subsection (11) must be reduced to (~~(0.357)~~)
18 0.3927 percent provided the conditions in RCW 82.04.2602 are met. The
19 effective date of the rates authorized under this subsection (11)(e)
20 must occur on the first day of the next calendar quarter that is at
21 least 60 days after the department receives the last of the two
22 written notices pursuant to RCW 82.04.2602 (3) and (4).

23 (ii) Both a significant commercial airplane manufacturer
24 separately and the rest of the aerospace industry as a whole,
25 receiving the rate of (~~(0.357)~~) 0.3927 percent under this subsection
26 (11)(e) are subject to the aerospace apprenticeship utilization rates
27 required under RCW 49.04.220 by April 1, 2026, or five years after
28 the effective date of the (~~(0.357)~~) 0.3927 percent rate authorized
29 under this subsection (11)(e), whichever is later, as determined by
30 the department of labor and industries.

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

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

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

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

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

13 (12)(a) Until July 1, 2045, upon every person engaging within
14 this state in the business of extracting timber or extracting for
15 hire timber; as to such persons the amount of tax with respect to the
16 business is, in the case of extractors, equal to the value of
17 products, including by-products, extracted, or in the case of
18 extractors for hire, equal to the gross income of the business,
19 multiplied by the rate of 0.4235 percent from July 1, 2006, through
20 June 30, 2007, (~~and~~) 0.2904 percent from July 1, 2007, through
21 December 31, 2026, and 0.31944 percent from January 1, 2027, through
22 June 30, 2045.

23 (b) Until July 1, 2045, upon every person engaging within this
24 state in the business of manufacturing or processing for hire: (i)
25 Timber into timber products or wood products; (ii) timber products
26 into other timber products or wood products; or (iii) products
27 defined in RCW 19.27.570(1); as to such persons the amount of the tax
28 with respect to the business is, in the case of manufacturers, equal
29 to the value of products, including by-products, manufactured, or in
30 the case of processors for hire, equal to the gross income of the
31 business, multiplied by the rate of 0.4235 percent from July 1, 2006,
32 through June 30, 2007, (~~and~~) 0.2904 percent from July 1, 2007,
33 through December 31, 2026, and 0.31944 percent from January 1, 2027,
34 through June 30, 2045.

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

1 the amount of the tax with respect to the business is equal to the
2 gross proceeds of sales of the timber, timber products, wood
3 products, or products defined in RCW 19.27.570(1) multiplied by the
4 rate of 0.4235 percent from July 1, 2006, through June 30, 2007,
5 (~~and~~) 0.2904 percent from July 1, 2007, through December 31, 2026,
6 and 0.31944 percent from January 1, 2027, through June 30, 2045.

7 (d) Until July 1, 2045, upon every person engaging within this
8 state in the business of selling standing timber; as to such persons
9 the amount of the tax with respect to the business is equal to the
10 gross income of the business multiplied by the rate of (~~0.2904~~)
11 0.31944 percent. For purposes of this subsection (12)(d), "selling
12 standing timber" means the sale of timber apart from the land, where
13 the buyer is required to sever the timber within 30 months from the
14 date of the original contract, regardless of the method of payment
15 for the timber and whether title to the timber transfers before,
16 upon, or after severance.

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

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

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

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

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

5 (v) "Timber products" means:

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

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

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

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

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

21 (g) Nothing in this subsection (12) may be construed to affect
22 the taxation of any activity defined as a retail sale in RCW
23 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW
24 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

25 (13) Upon every person engaging within this state in inspecting,
26 testing, labeling, and storing canned salmon owned by another person,
27 as to such persons, the amount of tax with respect to such activities
28 is equal to the gross income derived from such activities multiplied
29 by the rate of (~~0.484~~) 0.5324 percent.

30 (14)(a) Upon every person engaging within this state in the
31 business of printing a newspaper, publishing a newspaper, or both,
32 the amount of tax on such business is equal to the gross income of
33 the business multiplied by the rate of 0.35 percent until July 1,
34 2024, and (~~0.484~~) 0.5324 percent thereafter.

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

38 **Sec. 10.** RCW 82.04.2602 and 2020 c 165 s 2 are each amended to
39 read as follows:

1 The rate of (~~0.357~~) 0.3927 percent authorized pursuant to RCW
2 82.04.260(11)(e) may be imposed only if the following conditions are
3 met:

4 (1) The department of commerce verifies with the United States
5 trade representative that the United States and the European Union
6 have entered into a written agreement that resolves any world trade
7 organization disputes involving large civil aircraft.

8 (2) Such agreement expressly allows a business and occupation tax
9 rate reduction for commercial airplane manufacturers to (~~0.357~~)
10 0.3927 percent or less.

11 (3) The department of commerce notifies the department in writing
12 that the conditions of subsections (1) and (2) of this section are
13 met and provides a copy of the agreement between the United States
14 and the European Union or other document providing for the business
15 and occupation tax rate reduction to the department.

16 (4) The department of labor and industries notifies the
17 department in writing that a significant commercial airplane
18 manufacturer has at least a three-tenths of one percent aerospace
19 apprenticeship utilization rate of its qualified apprenticeable
20 workforce in Washington, as defined in RCW 49.04.220.

21 (5) Within (~~thirty~~) 30 days of receiving the last of the
22 written notices described in subsections (3) and (4) of this section,
23 the department must provide written notice to the chief clerk of the
24 house of representatives, the secretary of the senate, the office of
25 the code reviser, and others as deemed appropriate by the department,
26 that the tax rates in RCW 82.04.260(11)(e) are reduced to (~~0.357~~)
27 0.3927 percent and the effective date of the rate reduction.

28 (6) Any rate reduction to (~~0.357~~) 0.3927 percent pursuant to
29 this section and RCW 82.04.260(11)(e) must occur on the first day of
30 the next calendar quarter that is at least (~~sixty~~) 60 days after
31 the department receives the last of the written notices described in
32 subsections (3) and (4) of this section.

33 (7) For the purpose of this section, "world trade organization
34 disputes involving large civil airplanes" means any disputes filed by
35 the United States or the European Union prior to March 25, 2020, that
36 involve either allegations of subsidies to large civil airplanes, or
37 allegations of taxes imposed by Washington on commercial airplanes,
38 or both.

1 **Sec. 11.** RCW 82.04.263 and 2009 c 469 s 202 are each amended to
2 read as follows:

3 (1) Upon every person engaging within this state in the business
4 of cleaning up for the United States, or its instrumentalities,
5 radioactive waste and other by-products of weapons production and
6 nuclear research and development; as to such persons the amount of
7 the tax with respect to such business shall be equal to the gross
8 income of the business multiplied by the rate of (~~0.471~~) 0.5181
9 percent.

10 (2) For the purposes of this chapter, "cleaning up radioactive
11 waste and other by-products of weapons production and nuclear
12 research and development" means:

13 (a) The activities of handling, storing, treating, immobilizing,
14 stabilizing, or disposing of radioactive waste, radioactive tank
15 waste and capsules, nonradioactive hazardous solid and liquid wastes,
16 or spent nuclear fuel;

17 (b) Spent nuclear fuel conditioning;

18 (c) Removal of contamination in soils and groundwater;

19 (d) Decontamination and decommissioning of facilities; and

20 (e) Services supporting the performance of cleanup. For the
21 purposes of this subsection (2)(e), a service supports the
22 performance of cleanup if it:

23 (i) Is within the scope of work under a clean-up contract with
24 the United States department of energy; or

25 (ii) Assists in the accomplishment of a requirement of a clean-up
26 project undertaken by the United States department of energy under a
27 subcontract entered into with the prime contractor or another
28 subcontractor in furtherance of a clean-up contract between the
29 United States department of energy and a prime contractor.

30 (3) A service does not assist in the accomplishment of a
31 requirement of a clean-up project undertaken by the United States
32 department of energy if the same services are routinely provided to
33 businesses not engaged in clean-up activities, except that the
34 following services are always deemed to contribute to the
35 accomplishment of a requirement of a clean-up project undertaken by
36 the United States department of energy:

37 (a) Information technology and computer support services;

38 (b) Services rendered in respect to infrastructure; and

39 (c) Security, safety, and health services.

1 (4) The legislature intends that the examples provided in this
2 subsection be used as a guideline when determining whether a service
3 is "routinely provided to businesses not engaged in clean-up
4 activities" as that phrase is used in subsection (3) of this section.

5 (a) The radioactive waste clean-up classification does not apply
6 to general accounting services but does apply to performance audits
7 performed for persons cleaning up radioactive waste.

8 (b) The radioactive waste clean-up classification does not apply
9 to general legal services but does apply to those legal services that
10 assist in the accomplishment of a requirement of a clean-up project
11 undertaken by the United States department of energy. Thus, legal
12 services provided to contest any local, state, or federal tax
13 liability or to defend a company against a workers' compensation
14 claim arising from a worksite injury do not qualify for the
15 radioactive waste clean-up classification. But, legal services
16 related to the resolution of a contractual dispute between the
17 parties to a clean-up contract between the United States department
18 of energy and a prime contractor do qualify.

19 (c) General office janitorial services do not qualify for the
20 radioactive waste clean-up classification, but the specialized
21 cleaning of equipment exposed to radioactive waste does qualify.

22 **Sec. 12.** RCW 82.04.270 and 2004 c 24 s 5 are each amended to
23 read as follows:

24 Upon every person engaging within this state in the business of
25 making sales at wholesale, except persons taxable as wholesalers
26 under other provisions of this chapter; as to such persons the amount
27 of tax with respect to such business shall be equal to the gross
28 proceeds of sales of such business multiplied by the rate of
29 (~~0.484~~) 0.5324 percent.

30 **Sec. 13.** RCW 82.04.272 and 2013 c 19 s 127 are each amended to
31 read as follows:

32 (1) Upon every person engaging within this state in the business
33 of warehousing and reselling drugs for human use pursuant to a
34 prescription; as to such persons, the amount of the tax shall be
35 equal to the gross income of the business multiplied by the rate of
36 (~~0.138~~) 0.1518 percent.

37 (2) For the purposes of this section:

1 (a) "Prescription" and "drug" have the same meaning as in RCW
2 82.08.0281; and

3 (b) "Warehousing and reselling drugs for human use pursuant to a
4 prescription" means the buying of drugs for human use pursuant to a
5 prescription from a manufacturer or another wholesaler, and reselling
6 of the drugs to persons selling at retail or to hospitals, clinics,
7 health care providers, or other providers of health care services, by
8 a wholesaler or retailer who is registered with the federal drug
9 enforcement administration and licensed by the pharmacy quality
10 assurance commission.

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

13 (1) Upon every person engaging within this state in the business
14 of: (a) Printing materials other than newspapers, and of publishing
15 periodicals or magazines; (b) building, repairing or improving any
16 street, place, road, highway, easement, right-of-way, mass public
17 transportation terminal or parking facility, bridge, tunnel, or
18 trestle which is owned by a municipal corporation or political
19 subdivision of the state or by the United States and which is used or
20 to be used, primarily for foot or vehicular traffic including mass
21 transportation vehicles of any kind and including any readjustment,
22 reconstruction or relocation of the facilities of any public, private
23 or cooperatively owned utility or railroad in the course of such
24 building, repairing or improving, the cost of which readjustment,
25 reconstruction, or relocation, is the responsibility of the public
26 authority whose street, place, road, highway, easement, right-of-way,
27 mass public transportation terminal or parking facility, bridge,
28 tunnel, or trestle is being built, repaired or improved; (c)
29 extracting for hire or processing for hire, except persons taxable as
30 extractors for hire or processors for hire under another section of
31 this chapter; (d) operating a cold storage warehouse or storage
32 warehouse, but not including the rental of cold storage lockers; (e)
33 representing and performing services for fire or casualty insurance
34 companies as an independent resident managing general agent licensed
35 under the provisions of chapter 48.17 RCW; (f) radio and television
36 broadcasting, but excluding revenues from network, national, and
37 regional advertising computed either: (i) As a standard deduction
38 that the department must publish by rule by September 30, 2020, and
39 by September 30th of every fifth year thereafter, based on the

1 national average thereof as reported by the United States census
2 bureau's economic census; or (ii) in lieu thereof by itemization by
3 the individual broadcasting station, and excluding that portion of
4 revenue represented by the out-of-state audience computed as a ratio
5 to the broadcasting station's total audience as measured by the .5
6 millivolt/meter signal strength contour for AM radio, the one
7 millivolt/meter or sixty dBU signal strength contour for FM radio,
8 the twenty-eight dBU signal strength contour for television channels
9 two through six, the thirty-six dBU signal strength contour for
10 television channels seven through thirteen, and the forty-one dBU
11 signal strength contour for television channels fourteen through
12 sixty-nine with delivery by wire, satellite, or any other means, if
13 any; (g) engaging in activities which bring a person within the
14 definition of consumer contained in RCW 82.04.190(6); as to such
15 persons, the amount of tax on such business is equal to the gross
16 income of the business multiplied by the rate of (~~0.484~~) 0.5324
17 percent.

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

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

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

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

1 **Sec. 15.** RCW 82.04.285 and 2023 c 284 s 4 are each amended to
2 read as follows:

3 (1) Upon every person engaging within this state in the business
4 of operating contests of chance; as to such persons, the amount of
5 tax with respect to the business of operating contests of chance is
6 equal to the gross income of the business derived from contests of
7 chance multiplied by the rate of (~~(1.5)~~) 1.65 percent.

8 (2) An additional tax is imposed on those persons subject to tax
9 in subsection (1) of this section. The amount of the additional tax
10 with respect to the business of operating contests of chance is equal
11 to the gross income of the business derived from contests of chance
12 multiplied by the rate of 0.2 percent through June 30, 2024, and 0.26
13 percent thereafter. The money collected under this subsection (2)
14 shall be deposited in the problem gambling account created in RCW
15 41.05.751. This subsection does not apply to businesses operating
16 contests of chance when the gross income from the operation of
17 contests of chance is less than \$50,000 per year.

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

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

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

35 **Sec. 16.** RCW 82.04.287 and 2023 c 232 s 9 are each amended to
36 read as follows:

37 (1) Upon every person engaging within the state in the business
38 of manufacturing alternative jet fuel; as to such persons, the amount
39 of the tax with respect to such business is, in the case of

1 manufacturers, equal to the value of the product manufactured, or in
2 the case of processors for hire, equal to the gross income of the
3 business, multiplied by the rate of (~~0.275~~) 0.3025 percent.

4 (2) Upon every person engaging in making sales, at retail or
5 wholesale, of manufactured alternative jet fuel; as to such persons,
6 the amount of the tax with respect to such business is equal to the
7 gross proceeds of sales of the alternative jet fuel, multiplied by
8 the rate of (~~0.275~~) 0.3025 percent.

9 (3) For the purposes of this section, "alternative jet fuel"
10 means a fuel that can be blended and used with conventional petroleum
11 jet fuels without the need to modify aircraft engines and existing
12 fuel distribution infrastructure and that has lower greenhouse gas
13 emissions based on a full life-cycle analysis when compared to
14 conventional petroleum jet fuel for which it is capable as serving as
15 a substitute, as certified by the department of ecology using the
16 methods for determining the carbon intensity of fuels under chapter
17 70A.535 RCW. "Alternative jet fuel" includes jet fuels derived from
18 coprocessed feedstocks at a conventional petroleum refinery as
19 certified by the department of ecology using the methods for
20 determining the carbon intensity of fuels under chapter 70A.535 RCW.

21 (4) A person reporting under the tax rate provided in this
22 section must file a complete annual tax performance report with the
23 department under RCW 82.32.534.

24 (5) (a) The tax rate under subsections (1) and (2) of this section
25 takes effect on the first day of the first calendar quarter following
26 the month in which the department receives notice from the department
27 of ecology that there are one or more facilities operating in this
28 state with a cumulative production capacity of at least 20,000,000
29 gallons of alternative jet fuel each year, as required in RCW
30 70A.535.150.

31 (b) The tax rate expires nine calendar years after the close of
32 the calendar year in which the tax rate under subsections (1) and (2)
33 of this section takes effect.

34 **Sec. 17.** RCW 82.04.290 and 2020 c 2 s 3 are each amended to read
35 as follows:

36 (1) Upon every person engaging within this state in the business
37 of providing qualifying international investment management services,
38 as to such persons, the amount of tax with respect to such business

1 is equal to the gross income or gross proceeds of sales of the
2 business multiplied by a rate of (~~(0.275)~~) 0.3025 percent.

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

9 (i) (A) 1.75 percent through September 30, 2025;

10 (B) 2.1 percent beginning October 1, 2025, through December 31,
11 2026;

12 (C) 1.925 percent beginning January 1, 2027, and thereafter; or

13 (ii) 1.5 percent until January 1, 2027, and a rate of 1.65
14 percent thereafter for:

15 (A) Any person subject to the surcharge imposed under RCW
16 82.04.299;

17 (B) Any person whose gross income of the business subject to the
18 tax imposed under this subsection (2), for the immediately preceding
19 calendar year, was less than (~~(one million dollars)~~) \$1,000,000,
20 unless (I) the person is affiliated with one or more other persons,
21 and (II) the aggregate gross income of the business subject to the
22 tax imposed under this subsection (2) for all affiliated persons was
23 greater than or equal to (~~(one million dollars)~~) \$1,000,000 for the
24 immediately preceding calendar year; and

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

29 (b) This subsection (2) includes, among others, and without
30 limiting the scope hereof (whether or not title to materials used in
31 the performance of such business passes to another by accession,
32 confusion or other than by outright sale), persons engaged in the
33 business of rendering any type of service which does not constitute a
34 "sale at retail" or a "sale at wholesale." The value of advertising,
35 demonstration, and promotional supplies and materials furnished to an
36 agent by his or her principal or supplier to be used for
37 informational, educational, and promotional purposes is not
38 considered a part of the agent's remuneration or commission and is
39 not subject to taxation under this section.

1 (c) (~~(14.3 percent of the)~~) The revenues collected under ((a)(i)
2 of)) this ((subsection (2)) section must be deposited into the
3 workforce education investment account created in RCW 43.79.195 as
4 follows:

5 (i) For revenues related to filing periods before October 1,
6 2025, 14.3 percent;

7 (ii) For revenues related to filing periods before January 1,
8 2027, 11.9 percent; and

9 (iii) For revenues related to filing periods January 1, 2027, and
10 thereafter, 13 percent of revenues collected under this section must
11 be deposited into the workforce education investment account created
12 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 days of the notice of additional tax due as a result of the
36 person's failure to fully comply with (d) (i) of this subsection (2)
37 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 ((1.5 percent)) tax rate in (a)(ii) of this subsection (2) solely by
2 reason of (a)(ii)(B) of this subsection (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 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)) December 31, 2026, upon every
23 person engaging within this state in the business of performing
24 aerospace product development for others, as to such persons, the
25 amount of tax with respect to such business is equal to the gross
26 income of the business multiplied by a rate of 0.9 percent. Beginning
27 January 1, 2027, until July 1, 2040, the amount of tax with respect
28 to such business is equal to the gross income of the business
29 multiplied by a rate of 0.99 percent.

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

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

35 **Sec. 18.** RCW 82.04.2905 and 2024 c 195 s 2 are each amended to
36 read as follows:

37 (1) Except as provided in subsection (2) of this section, upon
38 every person engaging within this state in the business of providing
39 child care for periods of less than twenty-four hours, the amount of

1 tax with respect to such business is equal to the gross proceeds
2 derived from such sales multiplied by the rate of (~~0.484~~) 0.5324
3 percent.

4 (2) Until January 1, 2035, this chapter does not apply to amounts
5 received by a child care provider for the care and supervision for
6 periods of less than 24 hours of children:

7 (a) Under 13 years of age; or

8 (b) Under 19 years of age who have a verified special need or are
9 under court supervision as determined by the department of children,
10 youth, and families under chapter 43.216 RCW.

11 (3) The exemption under subsection (2) of this section applies
12 only to persons primarily engaged in the business of providing child
13 care.

14 **Sec. 19.** RCW 82.04.2906 and 2003 c 343 s 1 are each amended to
15 read as follows:

16 (1) Upon every person engaging within this state in the business
17 of providing intensive inpatient or recovery house residential
18 treatment services for chemical dependency, certified by the
19 department of social and health services, for which payment from the
20 United States or any instrumentality thereof or from the state of
21 Washington or any municipal corporation or political subdivision
22 thereof is received as compensation for or to support those services;
23 as to such persons the amount of tax with respect to such business
24 shall be equal to the gross income from such services multiplied by
25 the rate of (~~0.484~~) 0.5324 percent.

26 (2) If the persons described in subsection (1) of this section
27 receive income from sources other than those described in subsection
28 (1) of this section or provide services other than those named in
29 subsection (1) of this section, that income and those services are
30 subject to tax as otherwise provided in this chapter.

31 **Sec. 20.** RCW 82.04.2907 and 2021 c 145 s 9 are each amended to
32 read as follows:

33 (1) Upon every person engaging within this state in the business
34 of receiving income from royalties, the amount of tax with respect to
35 the business is equal to the gross income from royalties multiplied
36 by the rate of (~~1.5~~) 1.65 percent.

37 (2) For the purposes of this section, "gross income from
38 royalties" means compensation for the use of intangible property,

1 including charges in the nature of royalties, regardless of where the
2 intangible property will be used. For purposes of this subsection,
3 "intangible property" includes copyrights, patents, licenses,
4 franchises, trademarks, trade names, and similar items. "Gross income
5 from royalties" does not include compensation for any natural
6 resource, the licensing of prewritten computer software to the end
7 user, or the licensing of digital goods, digital codes, or digital
8 automated services to the end user as defined in RCW 82.04.190(11).

9 **Sec. 21.** RCW 82.04.2908 and 2012 c 10 s 70 are each amended to
10 read as follows:

11 (1) Upon every person engaging within this state in the business
12 of providing room and domiciliary care to residents of an assisted
13 living facility licensed under chapter 18.20 RCW, the amount of tax
14 with respect to such business shall be equal to the gross income of
15 the business, multiplied by the rate of (~~(0.275)~~) 0.3025 percent.

16 (2) For the purposes of this section, "domiciliary care" has the
17 meaning provided in RCW 18.20.020.

18 **Sec. 22.** RCW 82.04.294 and 2022 c 172 s 2 are each amended to
19 read as follows:

20 (1) Upon every person engaging within this state in the business
21 of manufacturing solar energy systems using photovoltaic modules or
22 stirling converters, or of manufacturing solar grade silicon, silicon
23 solar wafers, silicon solar cells, thin film solar devices, or
24 compound semiconductor solar wafers to be used exclusively in
25 components of such systems; as to such persons the amount of tax with
26 respect to such business is, in the case of manufacturers, equal to
27 the value of the product manufactured, or in the case of processors
28 for hire, equal to the gross income of the business, multiplied by
29 the rate of (~~(0.275)~~) 0.3025 percent.

30 (2) Upon every person engaging within this state in the business
31 of making sales at wholesale of solar energy systems using
32 photovoltaic modules or stirling converters, or of solar grade
33 silicon, silicon solar wafers, silicon solar cells, thin film solar
34 devices, or compound semiconductor solar wafers to be used
35 exclusively in components of such systems, manufactured by that
36 person; as to such persons the amount of tax with respect to such
37 business is equal to the gross proceeds of sales of the solar energy
38 systems using photovoltaic modules or stirling converters, or of the

1 solar grade silicon to be used exclusively in components of such
2 systems, multiplied by the rate of (~~0.275~~) 0.3025 percent.

3 (3) Silicon solar wafers, silicon solar cells, thin film solar
4 devices, solar grade silicon, or compound semiconductor solar wafers
5 are "semiconductor materials" for the purposes of RCW 82.08.9651 and
6 82.12.9651.

7 (4) The definitions in this subsection apply throughout this
8 section.

9 (a) "Compound semiconductor solar wafers" means a semiconductor
10 solar wafer composed of elements from two or more different groups of
11 the periodic table.

12 (b) "Module" means the smallest nondivisible self-contained
13 physical structure housing interconnected photovoltaic cells and
14 providing a single direct current electrical output.

15 (c) "Photovoltaic cell" means a device that converts light
16 directly into electricity without moving parts.

17 (d) "Silicon solar cells" means a photovoltaic cell manufactured
18 from a silicon solar wafer.

19 (e) "Silicon solar wafers" means a silicon wafer manufactured for
20 solar conversion purposes.

21 (f) "Solar energy system" means any device or combination of
22 devices or elements that rely upon direct sunlight as an energy
23 source for use in the generation of electricity.

24 (g) "Solar grade silicon" means high-purity silicon used
25 exclusively in components of solar energy systems using photovoltaic
26 modules to capture direct sunlight. "Solar grade silicon" does not
27 include silicon used in semiconductors.

28 (h) "Stirling converter" means a device that produces electricity
29 by converting heat from a solar source utilizing a stirling engine.

30 (i) "Thin film solar devices" means a nonparticipating substrate
31 on which various semiconducting materials are deposited to produce a
32 photovoltaic cell that is used to generate electricity.

33 (5) A person reporting under the tax rate provided in this
34 section must file a complete annual tax performance report with the
35 department under RCW 82.32.534.

36 (6) This section expires July 1, 2032.

37 **Sec. 23.** RCW 82.04.298 and 2011 c 2 s 204 are each amended to
38 read as follows:

1 (1) The amount of tax with respect to a qualified grocery
2 distribution cooperative's sales of groceries or related goods for
3 resale, excluding items subject to tax under RCW 82.04.260(4), to
4 customer-owners of the grocery distribution cooperative is equal to
5 the gross proceeds of sales of the grocery distribution cooperative
6 multiplied by the rate of (~~one and one-half~~) 1.65 percent.

7 (2) A qualified grocery distribution cooperative is allowed a
8 deduction from the gross proceeds of sales of groceries or related
9 goods for resale, excluding items subject to tax under RCW
10 82.04.260(4), to customer-owners of the grocery distribution
11 cooperative that is equal to the portion of the gross proceeds of
12 sales for resale that represents the actual cost of the merchandise
13 sold by the grocery distribution cooperative to customer-owners.

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

16 (a) "Grocery distribution cooperative" means an entity that sells
17 groceries and related items to customer-owners of the grocery
18 distribution cooperative and has customer-owners, in the aggregate,
19 who own a majority of the outstanding ownership interests of the
20 grocery distribution cooperative or of the entity controlling the
21 grocery distribution cooperative. "Grocery distribution cooperative"
22 includes an entity that controls a grocery distribution cooperative.

23 (b) "Qualified grocery distribution cooperative" means:

24 (i) A grocery distribution cooperative that has been determined
25 by a court of record of the state of Washington to be not engaged in
26 wholesaling or making sales at wholesale, within the meaning of RCW
27 82.04.270 or any similar provision of a municipal ordinance that
28 imposes a tax on gross receipts, gross proceeds of sales, or gross
29 income, with respect to purchases made by customer-owners, and
30 subsequently changes its form of doing business to make sales at
31 wholesale of groceries or related items to its customer-owners; or

32 (ii) A grocery distribution cooperative that has acquired
33 substantially all of the assets of a grocery distribution cooperative
34 described in (b) (i) of this subsection.

35 (c) "Customer-owner" means a person who has an ownership interest
36 in a grocery distribution cooperative and purchases groceries and
37 related items at wholesale from that grocery distribution
38 cooperative.

39 (d) "Controlling" means holding fifty percent or more of the
40 voting interests of an entity and having at least equal power to

1 direct or cause the direction of the management and policies of the
2 entity, whether through the ownership of voting securities, by
3 contract, or otherwise.

4 NEW SECTION. **Sec. 24.** RCW 82.32.805 and 82.32.808 do not apply
5 to this act.

6 NEW SECTION. **Sec. 25.** Sections 1 through 8, 10 through 16, and
7 18 through 24 of this act take effect January 1, 2027.

8 NEW SECTION. **Sec. 26.** Section 17 of this act takes effect
9 October 1, 2025.

10 NEW SECTION. **Sec. 27.** Section 9 of this act takes effect
11 January 1, 2034.

12 NEW SECTION. **Sec. 28.** Section 8 of this act expires January 1,
13 2034.

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