
SUBSTITUTE HOUSE BILL 1348

State of Washington

66th Legislature

2019 Regular Session

By House Rural Development, Agriculture, & Natural Resources
(originally sponsored by Representatives Chapman, Maycumber,
Springer, Tharinger, Steele, and Morris)

1 AN ACT Relating to helping Washington businesses succeed by
2 modifying certain business and occupation tax provisions; amending
3 RCW 82.04.240, 82.04.240, 82.04.260, 82.04.261, 82.04.280, and
4 82.32.790; creating new sections; and providing a contingent
5 expiration date.

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

7 NEW SECTION. **Sec. 1.** (1) The legislature finds that Washington
8 has one of the strongest economies in the country. However, the local
9 economies in rural counties continue to struggle. The legislature
10 concludes that in the spirit of one Washington, the economic
11 prosperity of our state must be shared by all of our communities,
12 both urban and rural. Therefore, it is the intention of the
13 legislature to modify the business and occupation tax structure of
14 manufacturers to encourage economic growth and lower the unemployment
15 rate across the state, especially in rural areas.

16 (2) The legislature finds that the Washington state forest
17 practices habitat conservation plan was approved in 2006 by the
18 United States fish and wildlife service and the national oceanic and
19 atmospheric administration's marine fisheries service. The
20 legislature further finds that the conservation plan protects habitat
21 of aquatic species, supports economically viable and healthy forests,

1 and creates regulatory stability for landowners. The legislature
2 further finds that the forestry industry assumed significant
3 financial obligation with the enactment of this conservation plan, in
4 exchange for operational certainty under the endangered species act.
5 Therefore, the legislature concludes that the timber products
6 business and occupation tax rate should continue until the expiration
7 date of the Washington state forest practices habitat conservation
8 plan.

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

11 (1) Upon every person engaging within this state in business as
12 a manufacturer, processor for hire, and printing materials other than
13 newspapers, and of publishing periodicals except persons taxable as
14 manufacturers or processors for hire under other provisions of this
15 chapter (as to such persons the amount of the tax with respect to
16 such business shall be equal to the value of the products, including
17 byproducts, manufactured, multiplied by the rate of 0.484 percent.

18 The measure of the tax)), and every manufacturer engaging within
19 the state in the business of making sales, at retail or wholesale, of
20 products manufactured by the manufacturer, as to such persons the
21 amount of tax with respect to such business is equal to the taxable
22 amount under this section multiplied by the rate of;

23 (a) Through December 31, 2029:

24 (i) 0.2904 percent, on the first fifty million dollars of the
25 total amount taxable under this section; and

26 (ii) 0.484 percent, on the total amount taxable under this
27 section that exceeds fifty million dollars;

28 (b) 0.2904 percent, beginning on January 1, 2030.

29 (2) The measure of the tax on engaging in the business of:

30 (a) Manufacturing is the value of the products, including
31 byproducts, so manufactured regardless of the place of sale or the
32 fact that deliveries may be made to points outside the state;

33 (b) Retailing and wholesaling products manufactured by the
34 manufacturer is the gross proceeds of the sales; and

35 (c) Processing for hire is the total charges made for those
36 services.

37 **Sec. 3.** RCW 82.04.240 and 2017 3rd sp.s. c 37 s 518 are each
38 amended to read as follows:

1 (1) Upon every person engaging within this state in business as a
2 manufacturer, processor for hire, and printing materials other than
3 newspapers, and of publishing periodicals, except persons taxable as
4 manufacturers or processors for hire under other provisions of this
5 chapter(~~(; as to such persons the amount of the tax with respect to~~
6 ~~such business is equal to the value of the products, including~~
7 ~~byproducts, manufactured, multiplied by the rate of 0.484 percent)),
8 and every manufacturer engaging within the state in the business of
9 making sales, at retail or wholesale, of products manufactured by the
10 manufacturer, as to such persons to the amount of tax with respect to
11 such business is equal to the taxable amount under this section
12 multiplied by the rate of:~~

13 (a) Through December 31, 2029:

14 (i) 0.2904 percent, on the first fifty million dollars of the
15 total taxable amount under this section; and

16 (ii) 0.484 percent, on the total taxable amount under this
17 section that exceeds fifty million dollars; and

18 (b) 0.2904 percent, beginning on January 1, 2030.

19 (2)(a) Upon every person engaging within this state in the
20 business of manufacturing semiconductor materials, as to such persons
21 the amount of tax with respect to such business is, in the case of
22 manufacturers, equal to the value of the product manufactured, or, in
23 the case of processors for hire, equal to the gross income of the
24 business, multiplied by the rate of 0.275 percent. For the purposes
25 of this subsection "semiconductor materials" means silicon crystals,
26 silicon ingots, raw polished semiconductor wafers, compound
27 semiconductors, integrated circuits, and microchips.

28 (b) A person reporting under the tax rate provided in this
29 subsection (2) must file a complete annual tax performance report
30 with the department under RCW 82.32.534.

31 (3) The measure of the tax on engaging in the business of:

32 (a) Manufacturing is the value of the products, including
33 byproducts, so manufactured regardless of the place of sale or the
34 fact that deliveries may be made to points outside the state;

35 (b) Retailing and wholesaling products manufactured by the
36 manufacturer is the gross proceeds of the sales; and

37 (c) Processing for hire is the total charges made for those
38 services.

39 (4) This section expires January 1, 2024, unless the contingency
40 in RCW 82.32.790(2) occurs.

1 **Sec. 4.** RCW 82.04.260 and 2018 c 164 s 3 are each amended to
2 read as follows:

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

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

11 (b) Beginning July 1, 2025, seafood products that remain in a
12 raw, raw frozen, or raw salted state at the completion of the
13 manufacturing by that person; or selling manufactured seafood
14 products that remain in a raw, raw frozen, or raw salted state at the
15 completion of the manufacturing, to purchasers who transport in the
16 ordinary course of business the goods out of this state; as to such
17 persons the amount of tax with respect to such business is equal to
18 the value of the products manufactured or the gross proceeds derived
19 from such sales, multiplied by the rate of 0.138 percent. Sellers
20 must keep and preserve records for the period required by RCW
21 82.32.070 establishing that the goods were transported by the
22 purchaser in the ordinary course of business out of this state;

23 (c)(i) Except as provided otherwise in (c)(iii) of this
24 subsection, from July 1, 2025, until January 1, 2036, dairy products;
25 or selling dairy products that the person has manufactured to
26 purchasers who either transport in the ordinary course of business
27 the goods out of state or purchasers who use such dairy products as
28 an ingredient or component in the manufacturing of a dairy product;
29 as to such persons the tax imposed is equal to the value of the
30 products manufactured or the gross proceeds derived from such sales
31 multiplied by the rate of 0.138 percent. Sellers must keep and
32 preserve records for the period required by RCW 82.32.070
33 establishing that the goods were transported by the purchaser in the
34 ordinary course of business out of this state or sold to a
35 manufacturer for use as an ingredient or component in the
36 manufacturing of a dairy product.

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

39 (A) Products, not including any marijuana-infused product, that
40 as of September 20, 2001, are identified in 21 C.F.R., chapter 1,

1 parts 131, 133, and 135, including by-products from the manufacturing
2 of the dairy products, such as whey and casein; and

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

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

11 (d)(i) Beginning July 1, 2025, fruits or vegetables by canning,
12 preserving, freezing, processing, or dehydrating fresh fruits or
13 vegetables, or selling at wholesale fruits or vegetables manufactured
14 by the seller by canning, preserving, freezing, processing, or
15 dehydrating fresh fruits or vegetables and sold to purchasers who
16 transport in the ordinary course of business the goods out of this
17 state; as to such persons the amount of tax with respect to such
18 business is equal to the value of the products manufactured or the
19 gross proceeds derived from such sales multiplied by the rate of
20 0.138 percent. Sellers must keep and preserve records for the period
21 required by RCW 82.32.070 establishing that the goods were
22 transported by the purchaser in the ordinary course of business out
23 of this state.

24 (ii) For purposes of this subsection (1)(d), "fruits" and
25 "vegetables" do not include marijuana, useable marijuana, or
26 marijuana-infused products; and

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

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

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

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

11 (5) Upon every person engaging within this state in the business
12 of acting as a travel agent or tour operator; as to such persons the
13 amount of the tax with respect to such activities is equal to the
14 gross income derived from such activities multiplied by the rate of
15 0.275 percent.

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

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

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

12 (8) (a) Upon every person engaging within this state in the
13 business of disposing of low-level waste, as defined in RCW
14 43.145.010; as to such persons the amount of the tax with respect to
15 such business is equal to the gross income of the business, excluding
16 any fees imposed under chapter 43.200 RCW, multiplied by the rate of
17 3.3 percent.

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

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

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

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

1 manufacturers, equal to the value of the product manufactured and the
2 gross proceeds of sales of the product manufactured, or in the case
3 of processors for hire, equal to the gross income of the business,
4 multiplied by the rate of:

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

6 and

7 (ii) 0.2904 percent beginning July 1, 2007.

8 (b) Beginning July 1, 2008, upon every person who is not eligible
9 to report under the provisions of (a) of this subsection (11) and is
10 engaging within this state in the business of manufacturing tooling
11 specifically designed for use in manufacturing commercial airplanes
12 or components of such airplanes, or making sales, at retail or
13 wholesale, of such tooling manufactured by the seller, as to such
14 persons the amount of tax with respect to such business is, in the
15 case of manufacturers, equal to the value of the product manufactured
16 and the gross proceeds of sales of the product manufactured, or in
17 the case of processors for hire, be equal to the gross income of the
18 business, multiplied by the rate of 0.2904 percent.

19 (c) For the purposes of this subsection (11), "commercial
20 airplane" and "component" have the same meanings as provided in RCW
21 82.32.550.

22 (d) In addition to all other requirements under this title, a
23 person reporting under the tax rate provided in this subsection (11)
24 must file a complete annual tax performance report with the
25 department under RCW 82.32.534.

26 (e)(i) Except as provided in (e)(ii) of this subsection (11),
27 this subsection (11) does not apply on and after July 1, 2040.

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

39 (12)(a) Until July 1, (~~2024~~) 2056, upon every person engaging
40 within this state in the business of extracting timber or extracting

1 for hire timber; as to such persons the amount of tax with respect to
2 the business is, in the case of extractors, equal to the value of
3 products, including by-products, extracted, or in the case of
4 extractors for hire, equal to the gross income of the business,
5 multiplied by the rate of 0.4235 percent from July 1, 2006, through
6 June 30, 2007, (~~and~~) 0.2904 percent from July 1, 2007, through June
7 30, 2024, and 0.2384 percent from July 1, 2024, through June 30,
8 2056.

9 (b) Until July 1, (~~2024~~) 2056, upon every person engaging
10 within this state in the business of manufacturing or processing for
11 hire: (i) Timber into timber products or wood products; or (ii)
12 timber products into other timber products or wood products; as to
13 such persons the amount of the tax with respect to the business is,
14 in the case of manufacturers, equal to the value of products,
15 including by-products, manufactured, or in the case of processors for
16 hire, equal to the gross income of the business, multiplied by the
17 rate of 0.4235 percent from July 1, 2006, through June 30, 2007,
18 (~~and~~) 0.2904 percent from July 1, 2007, through June 30, 2024, and
19 0.2384 percent from July 1, 2024, through June 30, 2056.

20 (c) Until July 1, (~~2024~~) 2056, upon every person engaging
21 within this state in the business of selling at wholesale: (i) Timber
22 extracted by that person; (ii) timber products manufactured by that
23 person from timber or other timber products; or (iii) wood products
24 manufactured by that person from timber or timber products; as to
25 such persons the amount of the tax with respect to the business is
26 equal to the gross proceeds of sales of the timber, timber products,
27 or wood products multiplied by the rate of 0.4235 percent from July
28 1, 2006, through June 30, 2007, (~~and~~) 0.2904 percent from July 1,
29 2007, through June 30, 2024, and 0.2384 percent from July 1, 2024,
30 through June 30, 2056.

31 (d) Until July 1, (~~2024~~) 2056, upon every person engaging
32 within this state in the business of selling standing timber; as to
33 such persons the amount of the tax with respect to the business is
34 equal to the gross income of the business multiplied by the rate of
35 0.2904 percent through June 30, 2024, and 0.2384 percent from July 1,
36 2024, through June 30, 2056. For purposes of this subsection (12)(d),
37 "selling standing timber" means the sale of timber apart from the
38 land, where the buyer is required to sever the timber within thirty
39 months from the date of the original contract, regardless of the

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

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

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

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

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

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

31 (v) "Timber products" means:

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

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

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

39 (vi) "Wood products" means paper and paper products; dimensional
40 lumber; engineered wood products such as particleboard, oriented

1 strand board, medium density fiberboard, and plywood; wood doors;
2 wood windows; and biocomposite surface products.

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

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

12 (14)(a) Upon every person engaging within this state in the
13 business of printing a newspaper, publishing a newspaper, or both,
14 the amount of tax on such business is equal to the gross income of
15 the business multiplied by the rate of 0.35 percent until July 1,
16 2024, and 0.484 percent thereafter.

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

20 **Sec. 5.** RCW 82.04.261 and 2017 c 323 s 501 are each amended to
21 read as follows:

22 (1) In addition to the taxes imposed under RCW 82.04.260(12), a
23 surcharge is imposed on those persons who are subject to any of the
24 taxes imposed under RCW 82.04.260(12). Except as otherwise provided
25 in this section, the surcharge is equal to 0.052 percent. The
26 surcharge is added to the rates provided in RCW 82.04.260(12) (a),
27 (b), (c), and (d). ~~((The surcharge and this section expire July 1,~~
28 ~~2024.))~~

29 (2) All receipts from the surcharge imposed under this section
30 must be deposited into the forest and fish support account created in
31 RCW 76.09.405.

32 ~~((3)(a) The surcharge imposed under this section is suspended~~
33 ~~if:~~

34 ~~(i) Receipts from the surcharge total at least eight million~~
35 ~~dollars during any fiscal biennium; or~~

36 ~~(ii) The office of financial management certifies to the~~
37 ~~department that the federal government has appropriated at least two~~
38 ~~million dollars for participation in forest and fish report-related~~
39 ~~activities by federally recognized Indian tribes located within the~~

1 ~~geographical boundaries of the state of Washington for any federal~~
2 ~~fiscal year.~~

3 ~~(b) (i) The suspension of the surcharge under (a) (i) of this~~
4 ~~subsection (3) takes effect on the first day of the calendar month~~
5 ~~that is at least thirty days after the end of the month during which~~
6 ~~the department determines that receipts from the surcharge total at~~
7 ~~least eight million dollars during the fiscal biennium. The surcharge~~
8 ~~is imposed again at the beginning of the following fiscal biennium.~~

9 ~~(ii) The suspension of the surcharge under (a) (ii) of this~~
10 ~~subsection (3) takes effect on the later of the first day of October~~
11 ~~of any federal fiscal year for which the federal government~~
12 ~~appropriates at least two million dollars for participation in forest~~
13 ~~and fish report-related activities by federally recognized Indian~~
14 ~~tribes located within the geographical boundaries of the state of~~
15 ~~Washington, or the first day of a calendar month that is at least~~
16 ~~thirty days following the date that the office of financial~~
17 ~~management makes a certification to the department under subsection~~
18 ~~(5) of this section. The surcharge is imposed again on the first day~~
19 ~~of the following July.~~

20 ~~(4) (a) If, by October 1st of any federal fiscal year, the office~~
21 ~~of financial management certifies to the department that the federal~~
22 ~~government has appropriated funds for participation in forest and~~
23 ~~fish report-related activities by federally recognized Indian tribes~~
24 ~~located within the geographical boundaries of the state of Washington~~
25 ~~but the amount of the appropriation is less than two million dollars,~~
26 ~~the department must adjust the surcharge in accordance with this~~
27 ~~subsection.~~

28 ~~(b) The department must adjust the surcharge by an amount that~~
29 ~~the department estimates will cause the amount of funds deposited~~
30 ~~into the forest and fish support account for the state fiscal year~~
31 ~~that begins July 1st and that includes the beginning of the federal~~
32 ~~fiscal year for which the federal appropriation is made, to be~~
33 ~~reduced by twice the amount of the federal appropriation for~~
34 ~~participation in forest and fish report-related activities by~~
35 ~~federally recognized Indian tribes located within the geographical~~
36 ~~boundaries of the state of Washington.~~

37 ~~(c) Any adjustment in the surcharge takes effect at the beginning~~
38 ~~of a calendar month that is at least thirty days after the date that~~
39 ~~the office of financial management makes the certification under~~
40 ~~subsection (5) of this section.~~

1 ~~(d) The surcharge is imposed again at the rate provided in~~
2 ~~subsection (1) of this section on the first day of the following~~
3 ~~state fiscal year unless the surcharge is suspended under subsection~~
4 ~~(3) of this section or adjusted for that fiscal year under this~~
5 ~~subsection.~~

6 ~~(e) Adjustments of the amount of the surcharge by the department~~
7 ~~are final and may not be used to challenge the validity of the~~
8 ~~surcharge imposed under this section.~~

9 ~~(f) The department must provide timely notice to affected~~
10 ~~taxpayers of the suspension of the surcharge or an adjustment of the~~
11 ~~surcharge.~~

12 ~~(5) The office of financial management must make the~~
13 ~~certification to the department as to the status of federal~~
14 ~~appropriations for tribal participation in forest and fish report-~~
15 ~~related activities.)~~

16 (3) This section expires July 1, 2056.

17 **Sec. 6.** RCW 82.04.280 and 2017 c 323 s 508 are each amended to
18 read as follows:

19 (1) Upon every person engaging within this state in the business
20 of: ~~(a) ((Printing materials other than newspapers, and of publishing~~
21 ~~periodicals or magazines; (b))~~ building, repairing or improving any
22 street, place, road, highway, easement, right-of-way, mass public
23 transportation terminal or parking facility, bridge, tunnel, or
24 trestle which is owned by a municipal corporation or political
25 subdivision of the state or by the United States and which is used or
26 to be used, primarily for foot or vehicular traffic including mass
27 transportation vehicles of any kind and including any readjustment,
28 reconstruction or relocation of the facilities of any public, private
29 or cooperatively owned utility or railroad in the course of such
30 building, repairing or improving, the cost of which readjustment,
31 reconstruction, or relocation, is the responsibility of the public
32 authority whose street, place, road, highway, easement, right-of-way,
33 mass public transportation terminal or parking facility, bridge,
34 tunnel, or trestle is being built, repaired or improved; ~~((e))~~ (b)
35 extracting for hire ~~((or processing for hire))~~, except persons
36 taxable as extractors for hire ~~((or processors for hire))~~ under
37 another section of this chapter; ~~((d))~~ (c) operating a cold storage
38 warehouse or storage warehouse, but not including the rental of cold
39 storage lockers; ~~((e))~~ (d) representing and performing services for

1 fire or casualty insurance companies as an independent resident
2 managing general agent licensed under the provisions of chapter 48.17
3 RCW; ~~((f))~~ (e) radio and television broadcasting, excluding
4 network, national and regional advertising computed as a standard
5 deduction based on the national average thereof as annually reported
6 by the federal communications commission, or in lieu thereof by
7 itemization by the individual broadcasting station, and excluding
8 that portion of revenue represented by the out-of-state audience
9 computed as a ratio to the station's total audience as measured by
10 the 100 micro-volt signal strength and delivery by wire, if any;
11 ~~((g))~~ (f) engaging in activities which bring a person within the
12 definition of consumer contained in RCW 82.04.190(6); as to such
13 persons, the amount of tax on such business is equal to the gross
14 income of the business multiplied by the rate of 0.484 percent.

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

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

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

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

36 **Sec. 7.** RCW 82.32.790 and 2017 3rd sp.s. c 37 s 526 are each
37 amended to read as follows:

38 (1) (a) Section 3, chapter . . ., Laws of 2019 (section 3 of this
39 act), sections 510, 512, 514, 516, 518, 520, 522, and 524, chapter

1 37, Laws of 2017 3rd sp. sess., sections 9, 13, 17, 22, 24, 30, 32,
2 and 45, chapter 135, Laws of 2017, sections 104, 110, 117, 123, 125,
3 129, 131, and 150, chapter 114, Laws of 2010, and sections 1, 2, 3,
4 and 5 through 10, chapter 149, Laws of 2003 are contingent upon the
5 siting and commercial operation of a significant semiconductor
6 microchip fabrication facility in the state of Washington by January
7 1, 2024.

8 (b) For the purposes of this section:

9 (i) "Commercial operation" means the same as "commencement of
10 commercial production" as used in RCW 82.08.965.

11 (ii) "Semiconductor microchip fabrication" means "manufacturing
12 semiconductor microchips" as defined in RCW 82.04.426.

13 (iii) "Significant" means the combined investment of new
14 buildings and new machinery and equipment in the buildings, at the
15 commencement of commercial production, will be at least one billion
16 dollars.

17 (2) The sections referenced in subsection (1) of this section
18 take effect the first day of the month in which a contract for the
19 construction of a significant semiconductor fabrication facility is
20 signed, if the contract is signed and received by January 1, 2024, as
21 determined by the director of the department of revenue.

22 (3)(a) The department of revenue must provide notice of the
23 effective date of the sections referenced in subsection (1) of this
24 section to affected taxpayers, the legislature, and others as deemed
25 appropriate by the department.

26 (b) If, after making a determination that a contract has been
27 signed and the sections referenced in subsection (1) of this section
28 are effective, the department discovers that commencement of
29 commercial production did not take place within three years of the
30 date the contract was signed, the department must make a
31 determination that chapter 149, Laws of 2003 is no longer effective,
32 and all taxes that would have been otherwise due are deemed deferred
33 taxes and are immediately assessed and payable from any person
34 reporting tax under RCW 82.04.240(2) or claiming an exemption or
35 credit under RCW 82.04.426, 82.04.448, 82.08.965, 82.12.965,
36 82.08.970, 82.12.970, or 84.36.645. The department is not authorized
37 to make a second determination regarding the effective date of the
38 sections referenced in subsection (1) of this section.

1 (4) (a) This section expires January 1, 2024, if the contingency
2 in subsection (2) of this section does not occur by January 1, 2024,
3 as determined by the department.

4 (b) The department must provide written notice of the expiration
5 date of this section and the sections referenced in subsection (1) of
6 this section to affected taxpayers, the legislature, and others as
7 deemed appropriate by the department.

8 NEW SECTION. **Sec. 8.** The provisions of RCW 82.32.805 and
9 82.32.808 do not apply to this act.

10 NEW SECTION. **Sec. 9.** Section 2, chapter . . ., Laws of 2019
11 (section 2 of this act) expires on the date that section 3,
12 chapter . . ., Laws of 2019 (section 3 of this act) takes effect.

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