
HOUSE BILL 1981

State of Washington

68th Legislature

2024 Regular Session

By Representatives Barnard and Stearns

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1 AN ACT Relating to incentivizing clean nuclear energy
2 manufacturing through preferential business and occupation tax rates;
3 amending RCW 82.04.260; reenacting and amending RCW 82.04.260;
4 creating new sections; providing an effective date; and providing an
5 expiration date.

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

7 NEW SECTION. **Sec. 1.** It is the intent of the legislature to
8 advance Washington state as a national and worldwide leader in clean
9 energy technology. In doing so, the legislature recognizes that the
10 state must attract clean energy manufacturers and nongreenhouse gas
11 emitting energy producers. By providing preferential business and
12 occupation tax rates to attract clean energy manufacturers to
13 Washington state, this policy supports the production of nuclear fuel
14 for existing reactors, advanced small modular reactors, and micro
15 modular reactors, which will play an integral role in achieving the
16 state's bold goals for decarbonization. This policy creates a
17 competitive economic environment to produce clean energy, increases
18 Washington state's sustainable energy workforce through creating
19 lasting family-wage jobs in the clean energy sector, and further
20 solidifies Washington state as the gold standard for clean energy
21 policy.

1 **Sec. 2.** RCW 82.04.260 and 2023 c 422 s 5 and 2023 c 286 s 3 are
2 each reenacted and amended to 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, 2035, 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, beginning July 1, 2035, until January 1, 2046, dairy
25 products; or selling dairy products that the person has manufactured
26 to 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 cannabis-infused product, that as
40 of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts

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

3 (B) Products comprised of not less than 70 percent dairy products
4 that qualify under (c)(ii)(A) of this subsection, measured by weight
5 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, 2035, 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 cannabis, useable cannabis, or cannabis-
26 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 field residue and dedicated energy crops,
33 and that does not include wood treated with chemical preservations
34 such as creosote, pentachlorophenol, or copper-chrome-arsenic.

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

39 (3) Upon every nonprofit corporation and nonprofit association
40 engaging within this state in research and development, as to such

1 corporations and associations, the amount of tax with respect to such
2 activities is equal to the gross income derived from such activities
3 multiplied by the rate of 0.484 percent.

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

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

15 (b) Upon every person engaging within this state in the business
16 of acting as a travel agent or tour operator and whose annual taxable
17 amount for the prior calendar year from such business was more than
18 \$250,000; as to such persons the amount of the tax with respect to
19 such activities is equal to the gross income derived from such
20 activities multiplied by the rate of 0.275 percent through June 30,
21 2019, and 0.9 percent beginning July 1, 2019.

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

29 (7) Upon every person engaging within this state in the business
30 of stevedoring and associated activities pertinent to the movement of
31 goods and commodities in waterborne interstate or foreign commerce;
32 as to such persons the amount of tax with respect to such business is
33 equal to the gross proceeds derived from such activities multiplied
34 by the rate of 0.275 percent. Persons subject to taxation under this
35 subsection are exempt from payment of taxes imposed by chapter 82.16
36 RCW for that portion of their business subject to taxation under this
37 subsection. Stevedoring and associated activities pertinent to the
38 conduct of goods and commodities in waterborne interstate or foreign
39 commerce are defined as all activities of a labor, service or
40 transportation nature whereby cargo may be loaded or unloaded to or

1 from vessels or barges, passing over, onto or under a wharf, pier, or
2 similar structure; cargo may be moved to a warehouse or similar
3 holding or storage yard or area to await further movement in import
4 or export or may move to a consolidation freight station and be
5 stuffed, unstuffed, containerized, separated or otherwise segregated
6 or aggregated for delivery or loaded on any mode of transportation
7 for delivery to its consignee. Specific activities included in this
8 definition are: Wharfage, handling, loading, unloading, moving of
9 cargo to a convenient place of delivery to the consignee or a
10 convenient place for further movement to export mode; documentation
11 services in connection with the receipt, delivery, checking, care,
12 custody and control of cargo required in the transfer of cargo;
13 imported automobile handling prior to delivery to consignee; terminal
14 stevedoring and incidental vessel services, including but not limited
15 to plugging and unplugging refrigerator service to containers,
16 trailers, and other refrigerated cargo receptacles, and securing ship
17 hatch covers.

18 (8) (a) Upon every person engaging within this state in the
19 business of disposing of low-level waste, as defined in RCW
20 70A.380.010; as to such persons the amount of the tax with respect to
21 such business is equal to the gross income of the business, excluding
22 any fees imposed under chapter 70A.384 RCW, multiplied by the rate of
23 3.3 percent.

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

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

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

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

- 11 (i) 0.4235 percent from October 1, 2005, through June 30, 2007;
12 (ii) 0.2904 percent beginning July 1, 2007, through March 31,
13 2020; and
14 (iii) Beginning April 1, 2020, 0.484 percent, subject to any
15 reduction required under (e) of this subsection (11). The tax rate in
16 this subsection (11)(a)(iii) applies to all business activities
17 described in this subsection (11)(a).

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

- 29 (i) 0.2904 percent through March 31, 2020; and
30 (ii) Beginning April 1, 2020, the following rates, which are
31 subject to any reduction required under (e) of this subsection (11):
32 (A) The rate under RCW 82.04.250(1) on the business of making
33 retail sales of tooling specifically designed for use in
34 manufacturing commercial airplanes or components of such airplanes;
35 and
36 (B) 0.484 percent on all other business activities described in
37 this subsection (11)(b).

38 (c) For the purposes of this subsection (11), "commercial
39 airplane" and "component" have the same meanings as provided in RCW
40 82.32.550.

1 (d)(i) In addition to all other requirements under this title, a
2 person reporting under the tax rate provided in this subsection (11)
3 must file a complete annual tax performance report with the
4 department under RCW 82.32.534. However, this requirement does not
5 apply to persons reporting under the tax rate in (a)(iii) of this
6 subsection (11), so long as that rate remains 0.484 percent, or under
7 any of the tax rates in (b)(ii)(A) and (B) of this subsection (11),
8 so long as those tax rates remain the rate imposed pursuant to RCW
9 82.04.250(1) and 0.484 percent, respectively.

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

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

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

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

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

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

1 wing assembly of any version or variant of a commercial airplane that
2 is the basis of a siting of a significant commercial airplane
3 manufacturing program in the state under RCW 82.32.850 has been sited
4 outside the state of Washington. This subsection (11)(f)(ii) only
5 applies to the manufacturing or sale of commercial airplanes that are
6 the basis of a siting of a significant commercial airplane
7 manufacturing program in the state under RCW 82.32.850. This
8 subsection (11)(f)(ii) continues to apply during the time that a
9 person is subject to the tax rate in (a)(iii) of this subsection
10 (11).

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

15 (12)(a) Until July 1, 2045, upon every person engaging within
16 this state in the business of extracting timber or extracting for
17 hire timber; as to such persons the amount of tax with respect to the
18 business is, in the case of extractors, equal to the value of
19 products, including by-products, extracted, or in the case of
20 extractors for hire, equal to the gross income of the business,
21 multiplied by the rate of 0.4235 percent from July 1, 2006, through
22 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
23 2045.

24 (b) Until July 1, 2045, upon every person engaging within this
25 state in the business of manufacturing or processing for hire: (i)
26 Timber into timber products or wood products; (ii) timber products
27 into other timber products or wood products; or (iii) products
28 defined in RCW 19.27.570(1); as to such persons the amount of the tax
29 with respect to the business is, in the case of manufacturers, equal
30 to the value of products, including by-products, manufactured, or in
31 the case of processors for hire, equal to the gross income of the
32 business, multiplied by the rate of 0.4235 percent from July 1, 2006,
33 through June 30, 2007, and 0.2904 percent from July 1, 2007, through
34 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, and
5 0.2904 percent from July 1, 2007, through June 30, 2045.

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

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

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

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

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

39 (iv) "Timber" means forest trees, standing or down, on privately
40 or publicly owned land. "Timber" does not include Christmas trees

1 that are cultivated by agricultural methods or short-rotation
2 hardwoods as defined in RCW 84.33.035.

3 (v) "Timber products" means:

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

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

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

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

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

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

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

28 (14)(a) Beginning January 1, 2025, until January 1, 2036, upon
29 every person engaging within this state in the business of making
30 sales at retail or wholesale of either nuclear fuel or assemblies
31 manufactured by a person, or both, the amount of tax on such business
32 is equal to the gross proceeds of sales of either the fuel or
33 assemblies, or both, multiplied by the rate of 0.25 percent.

34 (b) Beginning January 1, 2025, until January 1, 2036, upon every
35 person engaging within this state in the business of manufacturing
36 either nuclear fuel or assemblies, or both, the amount of tax on such
37 business is equal to the value of the products manufactured
38 multiplied by the rate of 0.25 percent.

39 (c) Beginning January 1, 2025, until January 1, 2036, upon every
40 person engaging within this state as a processor for hire of either

1 nuclear fuel or assemblies, or both, the amount of tax on such
2 business is equal to the gross income of the business activity
3 multiplied by the rate of 0.25 percent.

4 **Sec. 3.** RCW 82.04.260 and 2023 c 422 s 5 are each amended to
5 read as follows:

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

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

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

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

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

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

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

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

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

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

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

39 (2) Upon every person engaging within this state in the business
40 of splitting or processing dried peas; as to such persons the amount

1 of tax with respect to such business is equal to the value of the
2 peas split or processed, multiplied by the rate of 0.138 percent.

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

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

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

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

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

33 (7) Upon every person engaging within this state in the business
34 of stevedoring and associated activities pertinent to the movement of
35 goods and commodities in waterborne interstate or foreign commerce;
36 as to such persons the amount of tax with respect to such business is
37 equal to the gross proceeds derived from such activities multiplied
38 by the rate of 0.275 percent. Persons subject to taxation under this
39 subsection are exempt from payment of taxes imposed by chapter 82.16
40 RCW for that portion of their business subject to taxation under this

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

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

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

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

38 (10) Upon every person engaging within this state in business as
39 a hospital, as defined in chapter 70.41 RCW, that is operated as a
40 nonprofit corporation or by the state or any of its political

1 subdivisions, as to such persons, the amount of tax with respect to
2 such activities is equal to the gross income of the business
3 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5
4 percent thereafter.

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

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

16 (ii) 0.2904 percent beginning July 1, 2007, through March 31,
17 2020; and

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

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

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

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

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

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

3 (c) For the purposes of this subsection (11), "commercial
4 airplane" and "component" have the same meanings as provided in RCW
5 82.32.550.

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

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

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

30 (ii) Both a significant commercial airplane manufacturer
31 separately and the rest of the aerospace industry as a whole,
32 receiving the rate of 0.357 percent under this subsection (11) (e) are
33 subject to the aerospace apprenticeship utilization rates required
34 under RCW 49.04.220 by April 1, 2026, or five years after the
35 effective date of the 0.357 percent rate authorized under this
36 subsection (11) (e), whichever is later, as determined by the
37 department of labor and industries.

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

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

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

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

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

30 (b) Until July 1, 2045, upon every person engaging within this
31 state in the business of manufacturing or processing for hire: (i)
32 Timber into timber products or wood products; (ii) timber products
33 into other timber products or wood products; or (iii) products
34 defined in RCW 19.27.570(1); as to such persons the amount of the tax
35 with respect to the business is, in the case of manufacturers, equal
36 to the value of products, including by-products, manufactured, or in
37 the case of processors for hire, equal to the gross income of the
38 business, multiplied by the rate of 0.4235 percent from July 1, 2006,
39 through June 30, 2007, and 0.2904 percent from July 1, 2007, through
40 June 30, 2045.

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

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

22 (e) For purposes of this subsection, the following definitions
23 apply:

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

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

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

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

10 (v) "Timber products" means:

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

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

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

18 (vi) "Wood products" means paper and paper products; dimensional
19 lumber; engineered wood products such as particleboard, oriented
20 strand board, medium density fiberboard, and plywood; wood doors;
21 wood windows; and biocomposite surface products.

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

26 (g) Nothing in this subsection (12) may be construed to affect
27 the taxation of any activity defined as a retail sale in RCW
28 82.04.050(2)(b) or (c), defined as a wholesale sale in RCW
29 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

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

35 (14)(a) Upon every person engaging within this state in the
36 business of printing a newspaper, publishing a newspaper, or both,
37 the amount of tax on such business is equal to the gross income of
38 the business multiplied by the rate of 0.35 percent until July 1,
39 2024, and 0.484 percent thereafter.

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

4 (15)(a) Beginning January 1, 2025, until January 1, 2036, upon
5 every person engaging within this state in the business of making
6 sales at retail or wholesale of either nuclear fuel or assemblies
7 manufactured by a person, or both, the amount of tax on such business
8 is equal to the gross proceeds of sales of either the fuel or
9 assemblies, or both, multiplied by the rate of 0.25 percent.

10 (b) Beginning January 1, 2025, until January 1, 2036, upon every
11 person engaging within this state in the business of manufacturing
12 either nuclear fuel or assemblies, or both, the amount of tax on such
13 business is equal to the value of the products manufactured
14 multiplied by the rate of 0.25 percent.

15 (c) Beginning January 1, 2025, until January 1, 2036, upon every
16 person engaging within this state as a processor for hire of either
17 nuclear fuel or assemblies, or both, the amount of tax on such
18 business is equal to the gross income of the business activity
19 multiplied by the rate of 0.25 percent.

20 NEW SECTION. Sec. 4. RCW 82.32.808 does not apply to this act.

21 NEW SECTION. Sec. 5. Section 2 of this act expires January 1,
22 2034.

23 NEW SECTION. Sec. 6. Section 3 of this act takes effect January
24 1, 2034.

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