
HOUSE BILL 1002

State of Washington

67th Legislature

2021 Regular Session

By Representative Walen

Prefiled 12/07/20.

1 AN ACT Relating to providing a business and occupation tax
2 exemption for qualifying grants related to COVID-19 relief; adding a
3 new section to chapter 82.04 RCW; adding a new section to chapter
4 82.16 RCW; creating a new section; providing expiration dates; and
5 declaring an emergency.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04
8 RCW to read as follows:

9 (1) This chapter does not apply to any person with respect to the
10 value proceeding or accruing from a qualifying grant.

11 (2) For purposes of this section, "qualifying grant" means an
12 amount received, or relief from debt or other legal obligation, that:

13 (a) Does not otherwise qualify for an exemption or deduction
14 under this chapter;

15 (b) (i) Is received directly from the United States government,
16 the state of Washington or any of its municipal corporations or
17 political subdivisions, or a federally recognized Indian tribe
18 located at least partially within the geographical boundaries in the
19 state of Washington, except that the relief from debt or other legal
20 obligation may also be received from a private entity under
21 circumstances where, in exchange for providing the relief, the

1 private entity receives some form of direct financial benefit from
2 any of these government entities; or

3 (ii) Is received directly from a nonprofit organization as
4 defined in RCW 82.04.3651;

5 (c) Is provided to address the impacts of conditions giving rise
6 to an official proclamation of a national emergency by the president
7 of the United States or an official proclamation of a state of
8 emergency by the governor of this state related to the COVID-19
9 pandemic; and

10 (d) Is not an amount received:

11 (i) Under a contract, including a sole source contract, for the
12 acquisition of specific goods or services, or both, by purchase,
13 lease, or barter, that was solicited and established in accordance
14 with procurement laws or regulations; or

15 (ii) For manufacturing, extracting, or making sales of products,
16 when the amount received is determined based on the quantity of
17 products manufactured, extracted, or sold. For purposes of this
18 subsection (2)(d)(ii), "products" has the same meaning as in RCW
19 82.32.023.

20 (3) For purposes of a grant awarded to address the impacts of
21 conditions giving rise to a national emergency or state of emergency
22 related to the COVID-19 pandemic, the exemption under this section
23 applies only if the legislation authorizing the grant or the
24 associated legislative history, or public records created by the
25 grantor, clearly indicate that the grant was established to address
26 the impacts of conditions giving rise to a national emergency or
27 state of emergency.

28 (4) This section expires January 1, 2023.

29 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.16
30 RCW to read as follows:

31 (1) This chapter does not apply to any person with respect to the
32 value proceeding or accruing from a qualifying grant.

33 (2) For purposes of this section, "qualifying grant" means an
34 amount received, or relief from debt or other legal obligation, that:

35 (a) Does not otherwise qualify for an exemption or deduction
36 under this chapter;

37 (b)(i) Is received directly from the United States government,
38 the state of Washington or any of its municipal corporations or
39 political subdivisions, or a federally recognized Indian tribe

1 located at least partially within the geographical boundaries in the
2 state of Washington, except that the relief from debt or other legal
3 obligation may also be received from a private entity under
4 circumstances where, in exchange for providing the relief, the
5 private entity receives some form of direct financial benefit from
6 any of these government entities; or

7 (ii) Is received directly from a nonprofit organization as
8 defined in RCW 82.04.3651;

9 (c) Is provided to address the impacts of conditions giving rise
10 to an official proclamation of a national emergency by the president
11 of the United States or an official proclamation of a state of
12 emergency by the governor of this state related to the COVID-19
13 pandemic; and

14 (d) Is not an amount received:

15 (i) Under a contract, including a sole source contract, for the
16 acquisition of specific goods or services, or both, by purchase,
17 lease, or barter, that was solicited and established in accordance
18 with procurement laws or regulations; or

19 (ii) When the amount received or accrued during a tax reporting
20 period is determined based on the amount of business actually
21 conducted during that tax reporting period, such as the quantity,
22 volume, or weight of products sold or transported, or the number of
23 passengers transported. For purposes of this subsection (2)(d)(ii),
24 "products" has the same meaning as in RCW 82.32.023 and includes
25 electrical energy, water, natural gas, manufactured gas, and
26 transporting persons or property.

27 (3) For purposes of a grant awarded to address the impacts of
28 conditions giving rise to a national emergency or state of emergency
29 related to the COVID-19 pandemic, the exemption under this section
30 applies only if the legislation authorizing the grant or the
31 associated legislative history, or public records created by the
32 grantor, clearly indicate that the grant was established to address
33 the impacts of conditions giving rise to a national emergency or
34 state of emergency.

35 (4) This section expires January 1, 2023.

36 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
37 preservation of the public peace, health, or safety, or support of
38 the state government and its existing public institutions, and takes
39 effect immediately.

1 NEW SECTION. **Sec. 4.** This act applies both prospectively and
2 retroactively to February 29, 2020. However, this act may not be
3 construed by the department of revenue, the Washington state board of
4 tax appeals, or any court as authorizing the refund of any tax
5 legally due and paid before the effective date of this section.

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