
HOUSE BILL 1249

State of Washington

66th Legislature

2019 Regular Session

By Representatives Chapman and Maycumber

1 AN ACT Relating to reducing the business and occupation tax for
2 certain manufacturers and extending an expiration date for current
3 business and occupation tax treatment for the timber industry;
4 amending RCW 82.04.240, 82.04.240, 82.04.260, 82.04.280, and
5 82.32.790; creating new sections; and providing a contingent
6 expiration date.

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

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

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

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

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

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

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

24 (a) Through December 31, 2029:

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

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

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

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

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

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

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

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

3 (1) Upon every person engaging within this state in business as a
4 manufacturer or processor for hire, except persons taxable as
5 manufacturers or processors for hire under other provisions of this
6 chapter (~~(; as to such persons the amount of the tax with respect to~~
7 ~~such business is equal to the value of the products, including~~
8 ~~byproducts, manufactured, multiplied by the rate of 0.484 percent)),~~

9 and every manufacturer engaging within the state in the business of
10 making sales, at retail or wholesale, of products manufactured by the
11 manufacturer, as to such persons to the amount of tax with respect to
12 such business is equal to the taxable amount under this section
13 multiplied by the rate of:

14 (a) Through December 31, 2029:

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

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

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

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

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

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

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

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

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

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

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

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

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

13 (b) Beginning July 1, 2025, seafood products that remain in a
14 raw, raw frozen, or raw salted state at the completion of the
15 manufacturing by that person; or selling manufactured seafood
16 products that remain in a raw, raw frozen, or raw salted state at the
17 completion of the manufacturing, to purchasers who transport in the
18 ordinary course of business the goods out of this state; as to such
19 persons the amount of tax with respect to such business is equal to
20 the value of the products manufactured or the gross proceeds derived
21 from such sales, multiplied by the rate of 0.138 percent. Sellers
22 must keep and preserve records for the period required by RCW
23 82.32.070 establishing that the goods were transported by the
24 purchaser in the ordinary course of business out of this state;

25 (c)(i) Except as provided otherwise in (c)(iii) of this
26 subsection, from July 1, 2025, until January 1, 2036, dairy products;
27 or selling dairy products that the person has manufactured to
28 purchasers who either transport in the ordinary course of business
29 the goods out of state or purchasers who use such dairy products as
30 an ingredient or component in the manufacturing of a dairy product;
31 as to such persons the tax imposed is equal to the value of the
32 products manufactured or the gross proceeds derived from such sales
33 multiplied by the rate of 0.138 percent. Sellers must keep and
34 preserve records for the period required by RCW 82.32.070
35 establishing that the goods were transported by the purchaser in the
36 ordinary course of business out of this state or sold to a
37 manufacturer for use as an ingredient or component in the
38 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 marijuana-infused product, that
4 as of September 20, 2001, are identified in 21 C.F.R., chapter 1,
5 parts 131, 133, and 135, including by-products from the manufacturing
6 of the dairy products, such as whey and casein; and

7 (B) Products comprised of not less than seventy percent dairy
8 products that qualify under (c)(ii)(A) of this subsection, measured
9 by weight 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, 2025, 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 marijuana, useable marijuana, or
30 marijuana-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+)~~) or field residue(~~(+)~~) and dedicated
37 energy crops, and that does not include wood treated with chemical
38 preservations such as creosote, pentachlorophenol, or copper-chrome-
39 arsenic.

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

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

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

15 (5) Upon every person engaging within this state in the business
16 of acting as a travel agent or tour operator; as to such persons the
17 amount of the tax with respect to such activities is equal to the
18 gross income derived from such activities multiplied by the rate of
19 0.275 percent.

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

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

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

16 (8) (a) Upon every person engaging within this state in the
17 business of disposing of low-level waste, as defined in RCW
18 43.145.010; as to such persons the amount of the tax with respect to
19 such business is equal to the gross income of the business, excluding
20 any fees imposed under chapter 43.200 RCW, multiplied by the rate of
21 3.3 percent.

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

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

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

39 (11) (a) Beginning October 1, 2005, upon every person engaging
40 within this state in the business of manufacturing commercial

1 airplanes, or components of such airplanes, or making sales, at
2 retail or wholesale, of commercial airplanes or components of such
3 airplanes, manufactured by the seller, as to such persons the amount
4 of tax with respect to such business is, in the case of
5 manufacturers, equal to the value of the product manufactured and the
6 gross proceeds of sales of the product manufactured, or in the case
7 of processors for hire, equal to the gross income of the business,
8 multiplied by the rate of:

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

10 and

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

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

23 (c) For the purposes of this subsection (11), "commercial
24 airplane" and "component" have the same meanings as provided in RCW
25 82.32.550.

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

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

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

1 the basis of a siting of a significant commercial airplane
2 manufacturing program in the state under RCW 82.32.850.

3 (12)(a) Until July 1, (~~2024~~) 2056, upon every person engaging
4 within this state in the business of extracting timber or extracting
5 for hire timber; as to such persons the amount of tax with respect to
6 the business is, in the case of extractors, equal to the value of
7 products, including by-products, extracted, or in the case of
8 extractors for hire, equal to the gross income of the business,
9 multiplied by the rate of 0.4235 percent from July 1, 2006, through
10 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
11 (~~2024~~) 2056.

12 (b) Until July 1, (~~2024~~) 2056, upon every person engaging
13 within this state in the business of manufacturing or processing for
14 hire: (i) Timber into timber products or wood products; or (ii)
15 timber products into other timber products or wood products; as to
16 such persons the amount of the tax with respect to the business is,
17 in the case of manufacturers, equal to the value of products,
18 including by-products, manufactured, or in the case of processors for
19 hire, equal to the gross income of the business, multiplied by the
20 rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and
21 0.2904 percent from July 1, 2007, through June 30, (~~2024~~) 2056.

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

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

1 payment for the timber and whether title to the timber transfers
2 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 82.04.280 and 2017 c 323 s 508 are each amended to
21 read as follows:

22 (1) Upon every person engaging within this state in the business
23 of: (a) (~~Printing materials other than newspapers, and of publishing~~
24 ~~periodicals or magazines; (b)~~) building, repairing or improving any
25 street, place, road, highway, easement, right-of-way, mass public
26 transportation terminal or parking facility, bridge, tunnel, or
27 trestle which is owned by a municipal corporation or political
28 subdivision of the state or by the United States and which is used or
29 to be used, primarily for foot or vehicular traffic including mass
30 transportation vehicles of any kind and including any readjustment,
31 reconstruction or relocation of the facilities of any public, private
32 or cooperatively owned utility or railroad in the course of such
33 building, repairing or improving, the cost of which readjustment,
34 reconstruction, or relocation, is the responsibility of the public
35 authority whose street, place, road, highway, easement, right-of-way,
36 mass public transportation terminal or parking facility, bridge,
37 tunnel, or trestle is being built, repaired or improved; ~~((+))~~ (b)
38 extracting for hire (~~or processing for hire~~), except persons
39 taxable as extractors for hire (~~or processors for hire~~) under

1 another section of this chapter; ~~((d))~~ (c) operating a cold storage
2 warehouse or storage warehouse, but not including the rental of cold
3 storage lockers; ~~((e))~~ (d) representing and performing services for
4 fire or casualty insurance companies as an independent resident
5 managing general agent licensed under the provisions of chapter 48.17
6 RCW; ~~((f))~~ (e) radio and television broadcasting, excluding
7 network, national and regional advertising computed as a standard
8 deduction based on the national average thereof as annually reported
9 by the federal communications commission, or in lieu thereof by
10 itemization by the individual broadcasting station, and excluding
11 that portion of revenue represented by the out-of-state audience
12 computed as a ratio to the station's total audience as measured by
13 the 100 micro-volt signal strength and delivery by wire, if any;
14 ~~((g))~~ (f) engaging in activities which bring a person within the
15 definition of consumer contained in RCW 82.04.190(6); as to such
16 persons, the amount of tax on such business is equal to the gross
17 income of the business multiplied by the rate of 0.484 percent.

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

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

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

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

1 **Sec. 6.** RCW 82.32.790 and 2017 3rd sp.s. c 37 s 526 are each
2 amended to read as follows:

3 (1)(a) Section 3, chapter . . ., Laws of 2019 (section 3 of this
4 act), sections 510, 512, 514, 516, 518, 520, 522, and 524, chapter
5 37, Laws of 2017 3rd sp. sess., sections 9, 13, 17, 22, 24, 30, 32,
6 and 45, chapter 135, Laws of 2017, sections 104, 110, 117, 123, 125,
7 129, 131, and 150, chapter 114, Laws of 2010, and sections 1, 2, 3,
8 and 5 through 10, chapter 149, Laws of 2003 are contingent upon the
9 siting and commercial operation of a significant semiconductor
10 microchip fabrication facility in the state of Washington by January
11 1, 2024.

12 (b) For the purposes of this section:

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

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

17 (iii) "Significant" means the combined investment of new
18 buildings and new machinery and equipment in the buildings, at the
19 commencement of commercial production, will be at least one billion
20 dollars.

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

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

30 (b) If, after making a determination that a contract has been
31 signed and the sections referenced in subsection (1) of this section
32 are effective, the department discovers that commencement of
33 commercial production did not take place within three years of the
34 date the contract was signed, the department must make a
35 determination that chapter 149, Laws of 2003 is no longer effective,
36 and all taxes that would have been otherwise due are deemed deferred
37 taxes and are immediately assessed and payable from any person
38 reporting tax under RCW 82.04.240(2) or claiming an exemption or
39 credit under RCW 82.04.426, 82.04.448, 82.08.965, 82.12.965,
40 82.08.970, 82.12.970, or 84.36.645. The department is not authorized

1 to make a second determination regarding the effective date of the
2 sections referenced in subsection (1) of this section.

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

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

10 NEW SECTION. **Sec. 7.** The provisions of RCW 82.32.805 and
11 82.32.808 do not apply to this act.

12 NEW SECTION. **Sec. 8.** Section 2, chapter . . ., Laws of 2019
13 (section 2 of this act) expires on the date that section 3,
14 chapter . . ., Laws of 2019 (section 3 of this act) takes effect.

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