

**SUBSTITUTE SENATE BILL 6438**

**State of Washington**

## 64th Legislature

## 2016 Regular Session

By Senate Ways & Means (originally sponsored by Senators Schoesler and Hargrove)

1       AN ACT Relating to improvements to tax and licensing laws  
2 administered by the department of revenue; amending RCW 82.45.197,  
3 82.04.040, 82.04.190, 82.70.040, 82.08.809, 82.12.809, 82.04.220,  
4 82.32.670, 82.32.534, 82.32.585, 82.04.261, 82.04.334, 82.04.43391,  
5 82.32.030, 82.16.010, 83.100.050, 19.02.115, 82.01.060, and  
6 84.33.089; amending 2015 3rd sp.s. c 6 ss 2303, 801 and 2301  
7 (uncodified); amending 2015 3rd sp.s. c 30 s 1 (uncodified);  
8 reenacting and amending RCW 84.34.108 and 82.32.790; reenacting RCW  
9 82.04.280; creating new sections; repealing RCW 82.04.4483; repealing  
10 2010 c 106 s 206 (uncodified); repealing 2009 c 461 s 3 (uncodified);  
11 repealing 2006 c 300 s 7 (uncodified); repealing 2003 c 149 s 4  
12 (uncodified); providing a contingent effective date; and providing  
13 expiration dates.

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

## Part T

## Real estate excise tax exemption for inheritance transfers

17       **Sec. 101.**    RCW 82.45.197 and 2014 c 58 s 25 are each amended to  
18    read as follows:

19 In order to receive an exemption under RCW 82.45.010(3) (a) or  
20 (b) from the tax in this chapter on real property transferred as a

1 result of ((inheritance under RCW 82.45.010(3)(a))) devise or  
2 inheritance or a transfer on death deed, the following documentation  
3 must be provided:

4 (1) If the property is being transferred under the terms of a  
5 community property agreement, a copy of the recorded agreement and a  
6 certified copy of the death certificate;

7 (2) If the property is being transferred under the terms of a  
8 trust instrument, a certified copy of the death certificate and a  
9 copy of the trust instrument showing the authority of the grantor;

10 (3) If the property is being transferred under the terms of a  
11 probated will, a certified copy of the letters testamentary or in the  
12 case of intestate administration, a certified copy of the letters of  
13 administration showing that the grantor is the court-appointed  
14 executor, executrix, or administrator, and a certified copy of the  
15 death certificate;

16 (4) In the case of joint tenants with right of survivorship and  
17 remainder interests, a certified copy of the death certificate that  
18 is recorded to perfect title;

19 (5) If the property is being transferred pursuant to a court  
20 order, a certified copy of the court order requiring the transfer,  
21 and confirming that the grantor is required to do so under the terms  
22 of the order;

23 (6) If the community property interest of the decedent is being  
24 transferred to a surviving spouse or surviving domestic partner  
25 absent the documentation set forth in subsections (1) through (5) of  
26 this section, a certified copy of the death certificate and a signed  
27 affidavit from the surviving spouse or surviving domestic partner  
28 affirming that he or she is the sole and rightful heir to the  
29 property; or

30 (7)(a) If the real property is transferred to one or more heirs,  
31 as defined in RCW 11.02.005, by operation of law but absent the  
32 documentation set forth in subsections (1) through (6) of this  
33 section, a certified copy of the death certificate and a signed  
34 affidavit affirming that the transferee or transferees are the  
35 rightful heirs to the property.

36 (b)(i) When real property is transferred as described in (a) of  
37 this subsection (7) and the decedent-transferor had also inherited  
38 the property from his or her spouse or domestic partner but never  
39 transferred title to the property into the decedent-transferor's  
40 name, the transferee or transferees must provide: (A) A certified

1 copy of the death certificates for the decedent-transferor and the  
2 spouse or domestic partner from whom the decedent-transferor  
3 inherited the real property; and (B) an affidavit affirming that the  
4 transferee or transferees are the rightful heirs to the property.

5 (ii) If the documentation described in (b)(i) of this subsection  
6 (7) is provided, the exemption under RCW 82.45.010(3)(a) will apply  
7 to the inheritance transfers to the decedent-transferor and to the  
8 transferee or transferees; or

9 (8) If the property is being transferred pursuant to a transfer  
10 on death deed, a certified copy of the death certificate is recorded  
11 to perfect title.

12 **NEW SECTION.** **Sec. 102.** Section 101 of this act does not apply  
13 to transfers for which a real estate excise tax affidavit form was  
14 filed with the county treasurer before the effective date of section  
15 101 of this act.

16 **Part II**

17 **Pet adoption fees**

18 **Sec. 201.** RCW 82.04.040 and 2004 c 153 s 402 are each amended to  
19 read as follows:

20 (1) Except as otherwise provided in this subsection, "sale" means  
21 any transfer of the ownership of, title to, or possession of property  
22 for a valuable consideration and includes any activity classified as  
23 a "sale at retail" or "retail sale" under RCW 82.04.050. It includes  
24 lease or rental, conditional sale contracts, and any contract under  
25 which possession of the property is given to the purchaser but title  
26 is retained by the vendor as security for the payment of the purchase  
27 price. It also includes the furnishing of food, drink, or meals for  
28 compensation whether consumed upon the premises or not. The term  
29 "sale" does not include the transfer of the ownership of, title to,  
30 or possession of an animal by an animal rescue organization in  
31 exchange for the payment of an adoption fee.

32 (2) "Casual or isolated sale" means a sale made by a person who  
33 is not engaged in the business of selling the type of property  
34 involved.

35 (3)(a) "Lease or rental" means any transfer of possession or  
36 control of tangible personal property for a fixed or indeterminate  
37 term for consideration. A lease or rental may include future options

1 to purchase or extend. "Lease or rental" includes agreements covering  
2 motor vehicles and trailers where the amount of consideration may be  
3 increased or decreased by reference to the amount realized upon sale  
4 or disposition of the property as defined in 26 U.S.C. Sec.  
5 7701(h)(1), as amended or renumbered as of January 1, 2003. The  
6 definition in this subsection (3) ~~((shall))~~ must be used for sales  
7 and use tax purposes regardless if a transaction is characterized as  
8 a lease or rental under generally accepted accounting principles, the  
9 United States internal revenue code, Washington state's commercial  
10 code, or other provisions of federal, state, or local law.

11 (b) "Lease or rental" does not include:

12 (i) A transfer of possession or control of property under a  
13 security agreement or deferred payment plan that requires the  
14 transfer of title upon completion of the required payments;

15 (ii) A transfer of possession or control of property under an  
16 agreement that requires the transfer of title upon completion of  
17 required payments, and payment of an option price does not exceed the  
18 greater of one hundred dollars or one percent of the total required  
19 payments; or

20 (iii) Providing tangible personal property along with an operator  
21 for a fixed or indeterminate period of time. A condition of this  
22 exclusion is that the operator is necessary for the tangible personal  
23 property to perform as designed. For the purpose of this subsection  
24 (3)(b)(iii), an operator must do more than maintain, inspect, or set  
25 up the tangible personal property.

26 (4)(a) "Adoption fee" means an amount charged by an animal rescue  
27 organization to adopt an animal, except that "adoption fee" does not  
28 include any separately itemized charge for any incidental inanimate  
29 items provided to persons adopting an animal, including food,  
30 identification tags, collars, and leashes.

31 (b) "Animal care and control agency" means the same as in RCW  
32 16.52.011 and also includes any similar entity operating outside of  
33 this state.

34 (c) "Animal rescue group" means a nonprofit organization exempt  
35 from federal income taxation under 26 U.S.C. Sec. 501(c) of the  
36 federal internal revenue code as it exists on the effective date of  
37 this section, whose primary purpose is the placement of dogs, cats,  
38 or other animals that have been removed from an animal care and  
39 control agency or that have been surrendered, relinquished, or  
40 otherwise transferred to the animal rescue group.

1        (d) "Animal rescue organization" means an animal care and control  
2 agency or an animal rescue group.

3        **Sec. 202.** RCW 82.04.190 and 2015 c 169 s 3 are each amended to  
4 read as follows:

5        "Consumer" means the following:

6        (1) Except as provided otherwise in this section, any person who  
7 purchases, acquires, owns, holds, or uses any article of tangible  
8 personal property irrespective of the nature of the person's business  
9 and including, among others, without limiting the scope hereof,  
10 persons who install, repair, clean, alter, improve, construct, or  
11 decorate real or personal property of or for consumers other than for  
12 the purpose of:

13        (a) Resale as tangible personal property in the regular course of  
14 business;

15        (b) Incorporating such property as an ingredient or component of  
16 real or personal property when installing, repairing, cleaning,  
17 altering, imprinting, improving, constructing, or decorating such  
18 real or personal property of or for consumers;

19        (c) Consuming such property in producing for sale as a new  
20 article of tangible personal property or a new substance, of which  
21 such property becomes an ingredient or component or as a chemical  
22 used in processing, when the primary purpose of such chemical is to  
23 create a chemical reaction directly through contact with an  
24 ingredient of a new article being produced for sale;

25        (d) Consuming the property purchased in producing ferrosilicon  
26 which is subsequently used in producing magnesium for sale, if the  
27 primary purpose of such property is to create a chemical reaction  
28 directly through contact with an ingredient of ferrosilicon; or

29        (e) Satisfying the person's obligations under an extended  
30 warranty as defined in RCW 82.04.050(7), if such tangible personal  
31 property replaces or becomes an ingredient or component of property  
32 covered by the extended warranty without intervening use by such  
33 person;

34        (2)(a) Any person engaged in any business activity taxable under  
35 RCW 82.04.290 or 82.04.2908; (b) any person who purchases, acquires,  
36 or uses any competitive telephone service, ancillary services, or  
37 telecommunications service as those terms are defined in RCW  
38 82.04.065, other than for resale in the regular course of business;  
39 (c) any person who purchases, acquires, or uses any service defined

1 in RCW 82.04.050(2) (a) or (g), other than for resale in the regular  
2 course of business or for the purpose of satisfying the person's  
3 obligations under an extended warranty as defined in RCW  
4 82.04.050(7); (d) any person who makes a purchase meeting the  
5 definition of "sale at retail" and "retail sale" under RCW  
6 82.04.050(15), other than for resale in the regular course of  
7 business; (e) any person who purchases or acquires an extended  
8 warranty as defined in RCW 82.04.050(7) other than for resale in the  
9 regular course of business; and (f) any person who is an end user of  
10 software. For purposes of this subsection (2)(f) and RCW  
11 82.04.050(6), a person who purchases or otherwise acquires prewritten  
12 computer software, who provides services described in RCW  
13 82.04.050(6)((~~b~~)) c and who will charge consumers for the right  
14 to access and use the prewritten computer software, is not an end  
15 user of the prewritten computer software;

16 (3) Any person engaged in the business of contracting for the  
17 building, repairing or improving of any street, place, road, highway,  
18 easement, right-of-way, mass public transportation terminal or  
19 parking facility, bridge, tunnel, or trestle which is owned by a  
20 municipal corporation or political subdivision of the state of  
21 Washington or by the United States and which is used or to be used  
22 primarily for foot or vehicular traffic including mass transportation  
23 vehicles of any kind as defined in RCW 82.04.280, in respect to  
24 tangible personal property when such person incorporates such  
25 property as an ingredient or component of such publicly owned street,  
26 place, road, highway, easement, right-of-way, mass public  
27 transportation terminal or parking facility, bridge, tunnel, or  
28 trestle by installing, placing or spreading the property in or upon  
29 the right-of-way of such street, place, road, highway, easement,  
30 bridge, tunnel, or trestle or in or upon the site of such mass public  
31 transportation terminal or parking facility;

32 (4) Any person who is an owner, lessee or has the right of  
33 possession to or an easement in real property which is being  
34 constructed, repaired, decorated, improved, or otherwise altered by a  
35 person engaged in business, excluding only (a) municipal corporations  
36 or political subdivisions of the state in respect to labor and  
37 services rendered to their real property which is used or held for  
38 public road purposes, and (b) the United States, instrumentalities  
39 thereof, and county and city housing authorities created pursuant to  
40 chapter 35.82 RCW in respect to labor and services rendered to their

1 real property. Nothing contained in this or any other subsection of  
2 this definition may be construed to modify any other definition of  
3 "consumer";

4 (5) Any person who is an owner, lessee, or has the right of  
5 possession to personal property which is being constructed, repaired,  
6 improved, cleaned, imprinted, or otherwise altered by a person  
7 engaged in business;

8 (6) Any person engaged in the business of constructing,  
9 repairing, decorating, or improving new or existing buildings or  
10 other structures under, upon, or above real property of or for the  
11 United States, any instrumentality thereof, or a county or city  
12 housing authority created pursuant to chapter 35.82 RCW, including  
13 the installing or attaching of any article of tangible personal  
14 property therein or thereto, whether or not such personal property  
15 becomes a part of the realty by virtue of installation; also, any  
16 person engaged in the business of clearing land and moving earth of  
17 or for the United States, any instrumentality thereof, or a county or  
18 city housing authority created pursuant to chapter 35.82 RCW. Any  
19 such person is a consumer within the meaning of this subsection in  
20 respect to tangible personal property incorporated into, installed  
21 in, or attached to such building or other structure by such person,  
22 except that consumer does not include any person engaged in the  
23 business of constructing, repairing, decorating, or improving new or  
24 existing buildings or other structures under, upon, or above real  
25 property of or for the United States, or any instrumentality thereof,  
26 if the investment project would qualify for sales and use tax  
27 deferral under chapter 82.63 RCW if undertaken by a private entity;

28 (7) Any person who is a lessor of machinery and equipment, the  
29 rental of which is exempt from the tax imposed by RCW 82.08.020 under  
30 RCW 82.08.02565, with respect to the sale of or charge made for  
31 tangible personal property consumed in respect to repairing the  
32 machinery and equipment, if the tangible personal property has a  
33 useful life of less than one year. Nothing contained in this or any  
34 other subsection of this section may be construed to modify any other  
35 definition of "consumer";

36 (8) Any person engaged in the business of cleaning up for the  
37 United States, or its instrumentalities, radioactive waste and other  
38 by-products of weapons production and nuclear research and  
39 development;

1       (9) Any person who is an owner, lessee, or has the right of  
2 possession of tangible personal property that, under the terms of an  
3 extended warranty as defined in RCW 82.04.050(7), has been repaired  
4 or is replacement property, but only with respect to the sale of or  
5 charge made for the repairing of the tangible personal property or  
6 the replacement property;

7       (10) Any person who purchases, acquires, or uses services  
8 described in RCW 82.04.050(6)((~~b~~)) c other than:

9           (a) For resale in the regular course of business; or

10          (b) For purposes of consuming the service described in RCW  
11 82.04.050(6)((~~b~~)) c in producing for sale a new product, but only  
12 if such service becomes a component of the new product. For purposes  
13 of this subsection (10), "product" means a digital product, an  
14 article of tangible personal property, or the service described in  
15 RCW 82.04.050(6)((~~b~~)) c;

16       (11)(a) Any end user of a digital product or digital code.  
17 "Consumer" does not include any person who is not an end user of a  
18 digital product or a digital code and purchases, acquires, owns,  
19 holds, or uses any digital product or digital code for purposes of  
20 consuming the digital product or digital code in producing for sale a  
21 new product, but only if the digital product or digital code becomes  
22 a component of the new product. A digital code becomes a component of  
23 a new product if the digital good or digital automated service  
24 acquired through the use of the digital code becomes incorporated  
25 into a new product. For purposes of this subsection, "product" has  
26 the same meaning as in subsection (10) of this section.

27       (b)(i) For purposes of this subsection, "end user" means any  
28 taxpayer as defined in RCW 82.12.010 other than a taxpayer who  
29 receives by contract a digital product for further commercial  
30 broadcast, rebroadcast, transmission, retransmission, licensing,  
31 relicensing, distribution, redistribution or exhibition of the  
32 product, in whole or in part, to others. A person that purchases  
33 digital products or digital codes for the purpose of giving away such  
34 products or codes will not be considered to have engaged in the  
35 distribution or redistribution of such products or codes and will be  
36 treated as an end user;

37       (ii) If a purchaser of a digital code does not receive the  
38 contractual right to further redistribute, after the digital code is  
39 redeemed, the underlying digital product to which the digital code  
40 relates, then the purchaser of the digital code is an end user. If

1 the purchaser of the digital code receives the contractual right to  
2 further redistribute, after the digital code is redeemed, the  
3 underlying digital product to which the digital code relates, then  
4 the purchaser of the digital code is not an end user. A purchaser of  
5 a digital code who has the contractual right to further redistribute  
6 the digital code is an end user if that purchaser does not have the  
7 right to further redistribute, after the digital code is redeemed,  
8 the underlying digital product to which the digital code relates;

9 (12) Any person who provides services described in RCW  
10 82.04.050(9). Any such person is a consumer with respect to the  
11 purchase, acquisition, or use of the tangible personal property that  
12 the person provides along with an operator in rendering services  
13 defined as a retail sale in RCW 82.04.050(9). Any such person may  
14 also be a consumer under other provisions of this section;

15 (13) Any person who purchases, acquires, owns, holds, or uses  
16 chemical sprays or washes for the purpose of postharvest treatment of  
17 fruit for the prevention of scald, fungus, mold, or decay, or who  
18 purchases feed, seed, seedlings, fertilizer, agents for enhanced  
19 pollination including insects such as bees, and spray materials, is  
20 not a consumer of such items, but only to the extent that the items:

21 (a) Are used in relation to the person's participation in the  
22 federal conservation reserve program, the environmental quality  
23 incentives program, the wetlands reserve program, the wildlife  
24 habitat incentives program, or their successors administered by the  
25 United States department of agriculture;

26 (b) Are for use by a farmer for the purpose of producing for sale  
27 any agricultural product; or

28 (c) Are for use by a farmer to produce or improve wildlife  
29 habitat on land the farmer owns or leases while acting under  
30 cooperative habitat development or access contracts with an  
31 organization exempt from federal income tax under 26 U.S.C. Sec.  
32 501(c)(3) of the federal internal revenue code or the Washington  
33 state department of fish and wildlife; ((and))

34 (14) A regional transit authority is not a consumer with respect  
35 to labor, services, or tangible personal property purchased pursuant  
36 to agreements providing maintenance services for bus, rail, or rail  
37 fixed guideway equipment when a transit agency, as defined in RCW  
38 81.104.015, performs the labor or services; and

39 (15) The term "consumer" does not include:

- (a) An animal rescue organization with respect to animals under its care and control; and
- (b) Any person with respect to an animal adopted by that person from an animal rescue organization.

NEW SECTION. **Sec. 203.** Sections 201 and 202 of this act apply both prospectively and retroactively to July 1, 2015.

## Part III

**Sec. 301.** 2015 3rd sp.s. c 6 s 2303 (uncodified) is amended to read as follows:

((Part VIII of this act expires July 1, 2019.)) (1) Sections 802 and 804, chapter 6, Laws of 2015 3rd sp. sess. expire July 1, 2026;

(2) Section 803, chapter 6, Laws of 2015 3rd sp. sess. expires January 1, 2026; and

(3) Section 805, chapter 6, Laws of 2015 3rd sp. sess. expires January 1, 2031.

**Sec. 302.** 2015 3rd sp.s. c 6 s 801 (uncodified) is amended to read as follows:

(1)(a) The legislature finds that a robust maritime industry is crucial for the state's economic vitality. The legislature further finds that:

(i) The joint task force for economic resilience of maritime and manufacturing established policy goals to continue efforts towards developing a robust maritime industry in the state;

(ii) The maritime industry has a direct and indirect impact on jobs in the state;

(iii) Many of the cities and towns impacted by the maritime industry are often small with limited resources to encourage economic growth, heavily relying on the maritime industry for local jobs and revenues in the community;

(iv) Keeping Washington competitive with other cruising destinations is essential to continue to build a robust maritime economy in the state; and

(v) Tax incentives are an imperative component to improve the state's overall competitiveness in this sector.

(b) Therefore, the legislature intends to:

1       (i) Bolster the maritime industry in the state by incentivizing  
2 larger vessel owners to use Washington waters for recreational  
3 boating to increase economic activity and jobs in coastal communities  
4 and inland water regions of the state;

5       (ii) Achieve this objective in a fiscally responsible manner and  
6 require analysis of specific metrics to ensure valuable state  
7 resources are being used to accomplish the intended goal; and

8       (iii) Provide limited, short-term tax relief to entity-owned  
9 nonresident vessel owners that currently are not afforded the same  
10 benefits as other nonresident vessel owners.

11      (2)(a) This subsection is the tax preference performance  
12 statement for the entity-owned nonresident vessel tax preference  
13 established in section 803 of this act. The performance statement is  
14 only intended to be used for subsequent evaluation of the tax  
15 preference. It is not intended to create a private right of action by  
16 any party or be used to determine eligibility for preferential tax  
17 treatment.

18      (b) The legislature categorizes this tax preference as one  
19 intended to accomplish the purposes indicated in RCW 82.32.808(2)(c)  
20 and one intended to improve the state's competitiveness with other  
21 nearby cruising destinations.

22      (c) It is the legislature's specific public policy objective to  
23 increase economic activity and jobs related to the maritime industry  
24 by providing a tax preference for large entity-owned nonresident  
25 vessels to increase the length of time these vessels cruise  
26 Washington waters in turn strengthening the maritime economy in the  
27 state.

28      (d) To measure the effectiveness of the tax preference provided  
29 in part ((XII-[VIII])) VIII of chapter 6, Laws of 2015 3rd sp. sess.  
30 of this act in achieving the public policy objective in (c) of this  
31 subsection, the joint legislative audit and review committee must  
32 provide the following in a published evaluation of this tax  
33 preference by December 31, 2024:

34       (i) A comparison of the gross and taxable revenue generated by  
35 businesses that sell or provide maintenance or repair of vessels,  
36 prior to and after the enactment of this tax preference;

37       (ii) Analysis of retail sales taxes collected from the restaurant  
38 and service industries in coastal and inlet coastal jurisdictions,  
39 for both counties and cities, for periods prior to and after the  
40 enactment of this tax preference;

1       (iii) Employment and wage trends for businesses described in  
2 (d)(i) and (ii) of this subsection, for periods prior to and after  
3 the enactment of this tax preference;

4       (iv) Descriptive statistics for the number of permits sold each  
5 year in addition to the following information:

6           (A) The cost for each permit by strata of vessel length;  
7           (B) The jurisdiction of ownership for the nonresident vessel; and  
8           (C) The amount of use tax that would have been due based on the  
9 estimated value of the vessel;

10       (v) A comparison of the number of registered entity-owned and  
11 individually owned vessels registered in Washington prior to and  
12 after the enactment of this tax preference; and

13       (vi) Data and analysis for Washington's main cruising destination  
14 competitors, specifically looking at tax preferences provided in  
15 those jurisdictions, vessel industry income data, and any additional  
16 relevant information to compare Washington's maritime climate with  
17 its competitors.

18       (e) The provision of RCW 82.32.808(5) does not apply to this tax  
19 preference.

20       **Sec. 303.** RCW 82.70.040 and 2015 3rd sp.s. c 44 s 414 are each  
21 amended to read as follows:

22       (1)(a)((~~(i)~~)) The department must keep a running total of all  
23 credits allowed under RCW 82.70.020 during each fiscal year. The  
24 department may not allow any credits that would cause the total  
25 amount allowed to exceed two million seven hundred fifty thousand  
26 dollars in any fiscal year.

27       ((~~(ii)~~ The department shall not allow any credits that would  
28 cause the total amount allowed to exceed one million five hundred  
29 thousand dollars in any fiscal year.))

30       (b) If the total amount of credit applied for by all applicants  
31 in any year exceeds the limit in this subsection, the department must  
32 ratably reduce the amount of credit allowed for all applicants so  
33 that the limit in this subsection is not exceeded. If a credit is  
34 reduced under this subsection, the amount of the reduction may not be  
35 carried forward and claimed in subsequent fiscal years.

36       (2)(a) Tax credits under RCW 82.70.020 may not be claimed in  
37 excess of the amount of tax otherwise due under chapter 82.04 or  
38 82.16 RCW.

1       (b) ((Through June 30, 2005, a person with taxes equal to or in  
2 excess of the credit under RCW 82.70.020, and therefore not subject  
3 to the limitation in (a) of this subsection, may elect to defer tax  
4 credits for a period of not more than three years after the year in  
5 which the credits accrue.)) For credits approved by the department  
6 through June 30, 2015, the approved credit may be carried forward and  
7 used for tax reporting periods through December 31, 2016. Credits  
8 approved after June 30, 2015, must be used for tax reporting periods  
9 within the calendar year for which they are approved by the  
10 department and may not be carried forward to subsequent tax reporting  
11 periods. Credits carried forward as authorized by this subsection are  
12 subject to the limitation in subsection (1)(a) of this section for  
13 the fiscal year for which the credits were originally approved.

14       (3) No person may be approved for tax credits under RCW 82.70.020  
15 in excess of one hundred thousand dollars in any fiscal year. This  
16 limitation does not apply to credits carried forward from prior years  
17 under subsection (2)(b) of this section.

18       (4) No person may claim tax credits after June 30, 2024.

19       (5) No person is eligible for tax credits under RCW 82.70.020 if  
20 the additional revenues for the multimodal transportation account  
21 created by chapter 361, Laws of 2003 are terminated.

22       **Sec. 304.** RCW 82.08.809 and 2015 3rd sp.s. c 44 s 408 are each  
23 amended to read as follows:

24       (1) Except as provided in subsection (4) of this section, the tax  
25 levied by RCW 82.08.020 does not apply to sales of new passenger  
26 cars, light duty trucks, and medium duty passenger vehicles, which  
27 (a) are exclusively powered by a clean alternative fuel or (b) use at  
28 least one method of propulsion that is capable of being reenergized  
29 by an external source of electricity and are capable of traveling at  
30 least thirty miles using only battery power.

31       (2) The seller must keep records necessary for the department to  
32 verify eligibility under this section.

33       (3) As used in this section, "clean alternative fuel" means  
34 natural gas, propane, hydrogen, or electricity, when used as a fuel  
35 in a motor vehicle that meets the California motor vehicle emission  
36 standards in Title 13 of the California code of regulations,  
37 effective January 1, 2005, and the rules of the Washington state  
38 department of ecology.

1       (4)(a) A sale, other than a lease, is not exempt from sales tax  
2 as described under subsection (1) of this section if the selling  
3 price of the vehicle plus trade-in property of like kind exceeds  
4 thirty-five thousand dollars.

5       (b) For leased vehicles for which the lease agreement is signed  
6 on or after July 15, 2015, lease payments are not exempt from sales  
7 tax as described under subsection (1) of this section if the fair  
8 market value of the vehicle being leased exceeds thirty-five thousand  
9 dollars at the inception of the lease. For the purposes of this  
10 subsection (4)(b), "fair market value" has the same meaning as "value  
11 of the article used" in RCW 82.12.010 except that the term "fair  
market value" also includes the value of trade-in property of like  
kind.

14       (c) For leased vehicles for which the lease agreement was signed  
15 before July 1, 2015, lease payments due on or after July 15, 2015,  
16 ~~((lease payments))~~ are exempt from sales tax as described under  
17 subsection (1) of this section regardless of the vehicle's fair  
18 market value at the inception of the lease.

19       (5) On the last day of January, April, July, and October of each  
20 year, the state treasurer, based upon information provided by the  
21 department, must transfer from the multimodal transportation account  
22 to the general fund a sum equal to the dollar amount that would  
23 otherwise have been deposited into the general fund during the prior  
24 calendar quarter but for the exemption provided in this section.  
25 Information provided by the department to the state treasurer must be  
26 based on the best available data, except that the department may  
27 provide estimates of taxes exempted under this section until such  
28 time as retailers are able to report such exempted amounts on their  
29 tax returns. For purposes of this section, the first transfer for the  
30 calendar quarter after July 15, 2015, must be calculated assuming  
31 only those revenues that should have been deposited into the general  
32 fund beginning July 1, 2015.

33       (6) Lease payments due on or after July 1, 2019, are subject to  
34 the taxes imposed under this chapter.

35       (7) This section expires July 1, 2019.

36       **Sec. 305.** RCW 82.12.809 and 2015 3rd sp.s. c 44 s 409 are each  
37 amended to read as follows:

38       (1) Except as provided in subsection (4) of this section, until  
39 July 1, 2019, the provisions of this chapter do not apply in respect

1 to the use of new passenger cars, light duty trucks, and medium duty  
2 passenger vehicles, which (a) are exclusively powered by a clean  
3 alternative fuel or (b) use at least one method of propulsion that is  
4 capable of being reenergized by an external source of electricity and  
5 are capable of traveling at least thirty miles using only battery  
6 power.

7 (2) The definitions in RCW 82.08.809 apply to this section.

8 (3) A taxpayer is not liable for the tax imposed in RCW 82.12.020  
9 on the use, on or after July 1, 2019, of a passenger car, light duty  
10 truck, or medium duty passenger vehicle that is exclusively powered  
11 by a clean alternative fuel or uses at least one method of propulsion  
12 that is capable of being reenergized by an external source of  
13 electricity and is capable of traveling at least thirty miles using  
14 only battery power, if the taxpayer used such vehicle in this state  
15 before July 1, 2019, and the use was exempt under this section from  
16 the tax imposed in RCW 82.12.020.

17 (4)(a) For vehicles purchased on or after July 15, 2015, or for  
18 leased vehicles for which the lease agreement was signed on or after  
19 July 15, 2015, a vehicle is not exempt from use tax as described  
20 under subsection (1) of this section if the fair market value of the  
21 vehicle exceeds thirty-five thousand dollars at the time the tax is  
22 imposed for purchased vehicles, or at the inception of the lease for  
23 leased vehicles.

24 (b) For leased vehicles for which the lease agreement was signed  
25 before July 15, 2015, lease payments due on or after July 15, 2015,  
26 are exempt from use tax as described under subsection (1) of this  
27 section regardless of the vehicle's fair market value at the  
28 inception of the lease.

29 (5) On the last day of January, April, July, and October of each  
30 year, the state treasurer, based upon information provided by the  
31 department, must transfer from the multimodal transportation account  
32 to the general fund a sum equal to the dollar amount that would  
33 otherwise have been deposited into the general fund during the prior  
34 calendar quarter but for the exemption provided in this section.  
35 Information provided by the department to the state treasurer must be  
36 based on the best available data. For purposes of this section, the  
37 first transfer for the calendar quarter after July 15, 2015, must be  
38 calculated assuming only those revenues that should have been  
39 deposited into the general fund beginning July 1, 2015.

1       (6) Lease payments due on or after July 1, 2019, are subject to  
2 the taxes imposed under this chapter.

3       **Sec. 306.** 2015 3rd sp.s. c 6 s 2301 (uncodified) is amended to  
4 read as follows:

5       (1) Except as provided otherwise in this section, this act is  
6 necessary for the immediate preservation of the public peace, health,  
7 or safety, or support of the state government and its existing public  
8 institutions, and takes effect July 1, 2015.

9       (2) Parts IV, ((VI,)) VIII, and XIX of this act are necessary for  
10 the immediate preservation of the public peace, health, or safety, or  
11 support of the state government and its existing public institutions,  
12 and take effect September 1, 2015.

13       (3) Part X of this act takes effect October 1, 2016.

14       (4) Section 1105 of this act takes effect January 1, 2016.

15       (5) Except for section 2004 of this act, Part XX of this act  
16 takes effect January 1, 2019.

17       (6) Section 2004 of this act takes effect January 1, 2022.

18       **Sec. 307.** RCW 82.04.220 and 2011 1st sp.s. c 20 s 101 are each  
19 amended to read as follows:

20       (1) There is levied and collected from every person that has a  
21 substantial nexus with this state a tax for the act or privilege of  
22 engaging in business activities. The tax is measured by the  
23 application of rates against value of products, gross proceeds of  
24 sales, or gross income of the business, as the case may be.

25       (2) A person who has a substantial nexus with this state in any  
26 tax year under the provisions of RCW 82.04.067 will be deemed to have  
27 a substantial nexus with this state for the remainder of that year  
28 and the following tax year.

29       **Sec. 308.** 2015 3rd sp.s. c 30 s 1 (uncodified) is amended to  
30 read as follows:

31       This section is the tax preference performance statement for the  
32 tax preference contained in section 2 ((of this act)), chapter 30,  
33 Laws of 2015 3rd sp. sess. This performance statement is only  
34 intended to be used for subsequent evaluation of the tax preference.  
35 It is not intended to create a private right of action by any party  
36 or be used to determine eligibility for preferential tax treatment.

(1) The legislature categorizes this tax preference as one intended to provide tax relief for certain businesses or individuals, as indicated in RCW 82.32.808(2)(e).

(2) It is the legislature's specific public policy objective to provide tax relief to senior citizens, disabled persons, and veterans. The legislature recognizes that property taxes impose a substantial financial burden on those with fixed incomes and that property tax relief programs have considerable value in addressing this burden. It is the legislature's intent to increase the current statutory static income thresholds which were last modified in 2004.

(3) ((The expansion of the items allowed to be deducted)) This tax preference is meant to be permanent and, therefore, not subject to the ten-year expiration provision in RCW 82.32.805(1)(a).

NEW SECTION. **Sec. 309.** (1) Sections 303 and 306 of this act apply both prospectively and retroactively to July 1, 2015.

(2) Sections 304 and 305 of this act apply both prospectively and retroactively to July 15, 2015.

(3) Section 307 of this act applies both prospectively and retroactively to September 1, 2015.

## Part IV

Automated sales suppression devices and phantom-ware

**Sec. 401.** RCW 82.32.670 and 2013 c 309 s 3 are each amended to read as follows:

(1)(a) Automated sales suppression devices, phantom-ware, electronic cash registers or point of sale systems used with automated sales suppression devices or phantom-ware, and any property constituting proceeds traceable to any violation of RCW 82.32.290(4) are considered contraband and are subject to seizure and forfeiture.

(b) Property subject to forfeiture under (a) of this subsection (1) may be seized by any agent of the department authorized to assess or collect taxes, or law enforcement officer of this state, upon process issued by any superior court or district court having jurisdiction over the property. Seizure without process may be made if:

(i) The seizure is incident to an arrest or a search under a search warrant; or

1       (ii) The department or the law enforcement officer has probable  
2 cause to believe that the property was used or is intended to be used  
3 in violation of RCW 82.32.290(4) and exigent circumstances exist  
4 making procurement of a search warrant impracticable.

5       (2) Forfeiture authorized by this section is deemed to have  
6 commenced by the seizure. Notice of seizure must be given to the  
7 department if the seizure is made by a law enforcement officer  
8 without the presence of any agent of the department. The department  
9 must cause notice of the seizure and intended forfeiture to be served  
10 on the owner of the property seized, if known, and on any other  
11 person known by the department to have a right or interest in the  
12 seized property. Such service must be made within fifteen days  
13 following the seizure or the department's receipt of notification of  
14 the seizure. The notice may be served by any method authorized by law  
15 or court rule, by certified mail with return receipt requested, or  
16 electronically in accordance with RCW 82.32.135. Service by certified  
17 mail or electronic means is deemed complete upon mailing the notice,  
18 electronically sending the notice, or electronically notifying the  
19 person or persons entitled to the notice that the notice is available  
20 to be accessed by the person or persons, within the fifteen-day  
21 period following the seizure or the department's receipt of  
22 notification of the seizure.

23       (3) If no person notifies the department in writing of the  
24 person's claim of lawful ownership or right to lawful possession of  
25 the item or items seized within thirty days of the date of service of  
26 the notice of seizure and intended forfeiture, the item or items  
27 seized are deemed forfeited.

28       (4)(a) If any person notifies the department, in writing, of the  
29 person's claim of lawful ownership or lawful right to possession of  
30 the item or items seized within thirty days of the date of service of  
31 the notice of seizure and intended forfeiture, the person or persons  
32 must be afforded a reasonable opportunity to be heard as to the  
33 claim. The hearing must be before the director or the director's  
34 designee. A hearing and any administrative or judicial review is  
35 governed by chapter 34.05 RCW. The burden of proof by a preponderance  
36 of the evidence is upon the person claiming to be the lawful owner or  
37 the person claiming to have the lawful right to possession of the  
38 item or items seized.

39       (b) The department must return the item or items to the claimant  
40 as soon as possible upon a determination that the claimant is the

1 present lawful owner or is lawfully entitled to possession of the  
2 item or items seized.

3 (5) When property is sought to be forfeited on the ground that it  
4 constitutes proceeds traceable to a violation of RCW 82.32.290(4),  
5 the department must prove by a preponderance of the evidence that the  
6 property constitutes proceeds traceable to a violation of RCW  
7 82.32.290(4).

8 (6)(a) When automated sales suppression devices or phantom-ware  
9 voluntarily surrendered to an agent of the department, or property  
10 forfeited under this section, other than proceeds traceable to a  
11 violation of RCW 82.32.290(4), is no longer required for evidentiary  
12 purposes, the department may:

13 (i) Destroy or have the property destroyed;

14 (ii) Retain the property for training or other official purposes;  
15 or

16 (iii) Loan or give the property to any law enforcement or tax  
17 administration agency of any state, political subdivision or  
18 municipal corporation of a state, or the United States for training  
19 or other official purposes. For purposes of this subsection  
20 (6)(a)(iii), "state" has the same meaning as in RCW 82.04.462.

21 (b) When proceeds traceable to a violation of RCW 82.32.290(4)  
22 forfeited under this section are no longer required for evidentiary  
23 purposes, they must be deposited into the general fund.

24 (7) The definitions in this subsection apply to this section:

25 (a) "Automated sales suppression device" means a software program  
26 that falsifies the electronic records of electronic cash registers or  
27 other point of sale systems, including transaction data and  
28 transaction reports. The term includes the software program, any  
29 device that carries the software program, or an internet link to the  
30 software program.

31 (b) "Electronic cash register" means a device that keeps a  
32 register or supporting documents through the means of an electronic  
33 device or computer system designed to record transaction data for the  
34 purpose of computing, compiling, or processing sales transaction data  
35 in whatever manner.

36 (c) "Phantom-ware" means a programming option that is hidden,  
37 preinstalled, or installed-at-a-later-time in the operating system of  
38 an electronic cash register or other point of sale device, or  
39 hardwired into the electronic cash register or other point of sale  
40 device, and that can be used to create a virtual second till or may

1 eliminate or manipulate transaction reports that may or may not be  
2 preserved in digital formats to represent the true or manipulated  
3 record of transactions in the electronic cash register or other point  
4 of sale device.

5 (d) "Transaction data" means information about sales  
6 transactions, including items purchased by a customer, the price for  
7 each item, a taxability determination for each item, a segregated tax  
8 amount for each of the taxed items, the amount of cash or credit  
9 tendered, the net amount returned to the customer in change, the date  
10 and time of the purchase, the name, address, and identification  
11 number of the vendor, and the receipt or invoice number of the  
12 transaction.

13 (e) "Transaction reports" means a report that includes  
14 information associated with sales transactions, taxes collected,  
15 media totals, and discount voids at an electronic cash register that  
16 can be printed on cash register tape at the end of a day or shift, or  
17 a report documenting every action at an electronic cash register or  
18 other point of sale device and that is stored electronically.

19 **Part V**

20 **Annual surveys and reports for tax preferences**

21 **Sec. 501.** RCW 82.32.534 and 2014 c 97 s 102 are each amended to  
22 read as follows:

23 (1)(a) Every person claiming a tax preference that requires a  
24 report under this section, except persons exempt from the provisions  
25 of this section, must file a complete annual report with the  
26 department. This section does not apply to persons who are not  
27 required to have an active tax registration with the department under  
28 the provisions of RCW 82.32.030, except when an annual report is  
29 required for a property tax preference that requires persons seeking  
30 the preference to apply to the department.

31 (b) Except as otherwise provided in this subsection, the report  
32 is due by April 30th of the year following any calendar year in which  
33 a person becomes eligible to claim the tax preference that requires a  
34 report under this section.

35 (c)(i) A tax preference of the type that is ordinarily reported  
36 on a tax return and that a person qualified for, but did not report  
37 on a previously filed tax return, may be claimed on an amended return  
38 filed after the due date for filing the report as provided in (b) of

1 this subsection (1) and within the nonclaim period in RCW 82.32.060,  
2 if the person:

3 (A) Is current on its tax return filing obligations for reporting  
4 any taxes due under chapters 82.04, 82.08, or 82.16 RCW;

5 (B) Had an active tax registration with the department during the  
6 reporting period or periods covered by the amended return or returns;

7 (C) Has not previously claimed the same tax preference on an  
8 original or amended return; and

9 (D) Files a complete annual report or reports in compliance with  
10 this section with the amended return or returns.

11 (ii) For purposes of this subsection (1)(c), if multiple returns  
12 are filed for reporting periods within the same calendar year or two  
13 or more calendar years, only one report is required to be filed for  
14 each calendar year.

15 (iii) Except as otherwise provided in this subsection  
16 (1)(c)(iii), the provisions of this subsection (1)(c) apply beginning  
17 January 1, 2019, for amended returns filed for reporting periods in  
18 2018 or later. However, if the department determines that it can  
19 sooner effectively and efficiently implement this subsection (1)(c),  
20 the department may accept amended returns before January 1, 2019, for  
21 reporting periods beginning no earlier than January 1st of the year  
22 immediately preceding the year during which the department begins  
23 accepting amended returns in accordance with this subsection (1)(c).

24 (d) The department may extend the due date for timely filing of  
25 annual reports under this section as provided in RCW 82.32.590.

26 ((b)) (e) The report must include information detailing  
27 employment, wages, and employer-provided health and retirement  
28 benefits for employment positions in Washington for the year that the  
29 tax preference was claimed. However, persons engaged in manufacturing  
30 commercial airplanes or components of such airplanes may report  
31 employment, wage, and benefit information per job at the  
32 manufacturing site for the year that the tax preference was claimed.  
33 The report must not include names of employees. The report must also  
34 detail employment by the total number of full-time, part-time, and  
35 temporary positions for the year that the tax preference was claimed.

36 ((e) Persons receiving the benefit of the tax preference  
37 provided by RCW 82.16.0421 or claiming any of the tax preferences  
38 provided by RCW 82.04.2909, 82.04.4481, 82.08.805, 82.12.805, or  
39 82.12.022(5) must indicate on the annual report the quantity of

1 ~~product produced in this state during the time period covered by the~~  
2 ~~report.~~

3 (d)) (f) If a person filing a report under this section did not  
4 file a report with the department in the previous calendar year, the  
5 report filed under this section must also include employment, wage,  
6 and benefit information for the calendar year immediately preceding  
7 the calendar year for which a tax preference was claimed.

8 (2) As part of the annual report, the department may request  
9 additional information necessary to measure the results of, or  
10 determine eligibility for, the tax preference. The department must  
11 annually seek input on changes to the annual report from the joint  
12 legislative audit and review committee.

13 (3) Other than information requested under subsection (2) of this  
14 section, the information contained in an annual report filed under  
15 this section is not subject to the confidentiality provisions of RCW  
16 82.32.330 and may be disclosed to the public upon request.

17 (4)(a) Except as otherwise provided by law, if a person claims a  
18 tax preference that requires an annual report under this section but  
19 fails to submit a complete report by the due date or any extension  
20 under RCW 82.32.590, the department must declare the amount of the  
21 tax preference claimed for the previous calendar year to be  
22 immediately due and payable. The department must assess interest, but  
23 not penalties, on the amounts due under this subsection. The interest  
24 must be assessed at the rate provided for delinquent taxes under this  
25 chapter, retroactively to the date the tax preference was claimed,  
26 and accrues until the taxes for which the tax preference was claimed  
27 are repaid. Amounts due under this subsection are not subject to the  
28 confidentiality provisions of RCW 82.32.330 and may be disclosed to  
29 the public upon request.

30 (b) If the tax preference is a property tax preference, the  
31 person is not required to repay the amount of the tax preference  
32 claimed for failing to timely submit an annual report under this  
33 section. However, the person is ineligible to claim the tax  
34 preference for taxes levied for collection in the calendar year  
35 immediately following the calendar year in which the report was due.  
36 The department must provide notice to the appropriate county assessor  
37 when a person is ineligible to claim a property tax preference  
38 pursuant to this subsection.

39 (5) The department must use the information from this section to  
40 prepare summary descriptive statistics by category. No fewer than

1 three taxpayers may be included in any category. The department must  
2 report these statistics to the legislature each year by December 1st.  
3 The department need not revise summary descriptive statistics for  
4 previous calendar years as a result of tax preferences claimed on  
5 amended returns.

6 (6) For the purposes of determining the identity of persons  
7 required to file an annual report as a result of claiming a property  
8 tax preference, beginning January 1, 2017, the assessor of the county  
9 in which the property receiving the benefit of the tax preference is  
10 located must provide written notice to the department that the tax  
11 preference has been claimed. Such notice must include the claimant's  
12 name, contact information if available, and the address, tax parcel  
13 number, or description of the property receiving the benefit of the  
14 tax preference. The assessor need not provide the notice required  
15 under this subsection (6), if the person is required to file an  
16 application with the department to claim the tax preference.

17 (7) For the purposes of this section:

18 (a) "Person" has the meaning provided in RCW 82.04.030 and also  
19 includes the state ((and)), its departments and institutions, and any  
20 other entity that is subject to this section as a result of claiming  
21 or receiving the benefit of a tax preference.

22 (b) "Tax preference" has the meaning provided in RCW 43.136.021  
23 and includes only the tax preferences requiring a survey under this  
24 section.

25 **Sec. 502.** RCW 82.32.585 and 2014 c 97 s 103 are each amended to  
26 read as follows:

27 (1)(a) Every person claiming a tax preference that requires a  
28 survey under this section, except persons exempt from the provisions  
29 of this section, must file a complete annual survey with the  
30 department. This section does not apply to persons who are not  
31 required to have an active tax registration with the department under  
32 the provisions of RCW 82.32.030, except when an annual survey is  
33 required for a property tax preference that requires persons seeking  
34 the preference to apply to the department.

35 ((+i+)) (b)(i) Except as otherwise provided in ((a)(ii) or))  
36 this subsection, the survey is due by April 30th of the year  
37 following any calendar year in which a person becomes eligible to  
38 claim the tax preference that requires a survey under this section.

1       (ii) If the tax preference is a deferral of tax, the first survey  
2 must be filed by April 30th of the calendar year following the  
3 calendar year in which the investment project is certified by the  
4 department as operationally complete, and a survey must be filed by  
5 April 30th of each of the seven succeeding calendar years.

6       ((b)) (c)(i) A tax preference of the type that is ordinarily  
7 reported on a tax return and that a person qualified for, but did not  
8 report on a previously filed tax return, may be claimed on an amended  
9 return filed after the due date for filing the survey as provided in  
10 (b)(i) of this subsection (1) and within the nonclaim period in RCW  
11 82.32.060, if the person:

12       (A) Is current on its tax return filing obligations for reporting  
13 any taxes due under chapters 82.04, 82.08, or 82.16 RCW;

14       (B) Had an active tax registration with the department during the  
15 reporting period or periods covered by the amended return or returns;

16       (C) Has not previously claimed the same tax preference on an  
17 original or amended return; and

18       (D) Files a complete annual survey or surveys in compliance with  
19 this section with the amended return or returns.

20       (ii) For purposes of this subsection (1)(c), if multiple returns  
21 are filed for reporting periods within the same calendar year or two  
22 or more calendar years, only one survey is required to be filed for  
23 each calendar year.

24       (iii) Except as otherwise provided in this subsection  
25 (1)(c)(iii), the provisions of this subsection (1)(c) apply beginning  
26 January 1, 2019, for amended returns filed for reporting periods in  
27 2018 or later. However, if the department determines that it can  
28 sooner effectively and efficiently implement this subsection (1)(c),  
29 the department may accept amended returns before January 1, 2019, for  
30 reporting periods beginning no earlier than January 1st of the year  
31 immediately preceding the year during which the department begins  
32 accepting amended returns in accordance with this subsection (1)(c).

33       (d) The department may extend the due date for timely filing of  
34 annual surveys under this section as provided in RCW 82.32.590.

35       (2)(a) ((The survey)) Surveys, other than surveys for property  
36 tax preferences, must include the amount of the tax preference  
37 claimed for the calendar year covered by the survey. For a person  
38 that claimed an exemption provided in RCW 82.08.025651 or  
39 82.12.025651, the survey must include the amount of tax exempted  
40 under those sections in the prior calendar year for each general area

1 or category of research and development for which exempt machinery  
2 and equipment and labor and services were acquired in the prior  
3 calendar year. For property tax preferences requiring a survey under  
4 this section, the survey must include an estimate of the amount of  
5 property tax savings provided by the tax preference. Such estimates  
6 must be based on existing property tax information maintained by the  
7 county assessor and treasurer, such as levy rates and assessed  
8 values.

9 (b) ((The survey)) All surveys under this section must also  
10 include the following information for employment positions in  
11 Washington, not to include names of employees, for the year that the  
12 tax preference was claimed:

13 (i) The number of total employment positions;

14 (ii) Full-time, part-time, and temporary employment positions as  
15 a percent of total employment;

16 (iii) The number of employment positions according to the  
17 following wage bands: Less than thirty thousand dollars; thirty  
18 thousand dollars or greater, but less than sixty thousand dollars;  
19 and sixty thousand dollars or greater. A wage band containing fewer  
20 than three individuals may be combined with another wage band; and

21 (iv) The number of employment positions that have  
22 employer-provided medical, dental, and retirement benefits, by each  
23 of the wage bands.

24 (c) ((For persons claiming the tax preference provided under  
25 chapter 82.60 or 82.63 RCW, the survey must also include the number  
26 of new products or research projects by general classification, and  
27 the number of trademarks, patents, and copyrights associated with  
28 activities at the investment project.

29 (d) For persons claiming the credit provided under RCW  
30 82.04.4452, the survey must also include the qualified research and  
31 development expenditures during the calendar year for which the  
32 credit was claimed, the taxable amount during the calendar year for  
33 which the credit was claimed, the number of new products or research  
34 projects by general classification, the number of trademarks,  
35 patents, and copyrights associated with the research and development  
36 activities for which the credit was claimed, and whether the tax  
37 preference has been assigned, and who assigned the credit. The  
38 definitions in RCW 82.04.4452 apply to this subsection (2)(d).

39 (e) For persons claiming the tax exemption in RCW 82.08.025651 or  
40 82.12.025651, the survey must also include the general areas or

1 categories of research and development for which machinery and  
2 equipment and labor and services were acquired, exempt from tax under  
3 RCW 82.08.025651 or 82.12.025651, in the prior calendar year.

4 (f)) If the person filing a survey under this section did not  
5 file a survey with the department in the previous calendar year, the  
6 survey filed under this section must also include the employment,  
7 wage, and benefit information required under (b)(i) through (iv) of  
8 this subsection for the calendar year immediately preceding the  
9 calendar year for which a tax preference was claimed.

10 (3) As part of the annual survey, the department may request  
11 additional information necessary to measure the results of, or  
12 determine eligibility for, the tax preference. The department must  
13 annually seek input on changes to the annual survey from the joint  
14 legislative audit and review committee.

15 (4) All information collected under this section, except the  
16 information required in subsection (2)(a) of this section, is deemed  
17 taxpayer information under RCW 82.32.330. Information required in  
18 subsection (2)(a) of this section is not subject to the  
19 confidentiality provisions of RCW 82.32.330 and may be disclosed to  
20 the public upon request, except as provided in subsection (5) of this  
21 section. If the amount of the tax preference claimed as reported on  
22 the survey is different than the amount actually claimed or otherwise  
23 allowed by the department based on the taxpayer's excise tax returns  
24 or other information known to the department, the amount actually  
25 claimed or allowed may be disclosed.

26 (5) Persons for whom the actual amount of the tax reduced or  
27 saved is less than ten thousand dollars during the period covered by  
28 the survey may request the department to treat the amount of the tax  
29 reduction or savings as confidential under RCW 82.32.330.

30 (6)(a) Except as otherwise provided by law, if a person claims a  
31 tax preference that requires an annual survey under this section but  
32 fails to submit a complete annual survey by the due date of the  
33 survey or any extension under RCW 82.32.590, the department must  
34 declare the amount of the tax preference claimed for the previous  
35 calendar year to be immediately due. If the tax preference is a  
36 deferral of tax, twelve and one-half percent of the deferred tax is  
37 immediately due. If the economic benefits of the deferral are passed  
38 to a lessee, the lessee is responsible for payment to the extent the  
39 lessee has received the economic benefit.

1       (b) The department must assess interest, but not penalties, on  
2 the amounts due under this subsection. The interest must be assessed  
3 at the rate provided for delinquent taxes under this chapter,  
4 retroactively to the date the tax preference was claimed, and accrues  
5 until the taxes for which the tax preference was claimed are repaid.  
6 Amounts due under this subsection are not subject to the  
7 confidentiality provisions of RCW 82.32.330 and may be disclosed to  
8 the public upon request.

9       (c) If the tax preference is a property tax preference, the  
10 person is not required to repay the amount of the tax preference  
11 claimed for failing to timely submit an annual survey under this  
12 section. However, the person is ineligible to claim the tax  
13 preference for taxes levied for collection in the calendar year  
14 immediately following the calendar year in which the report was due.  
15 The department must provide notice to the appropriate county assessor  
16 when a person is ineligible to claim a property tax preference  
17 pursuant to this subsection.

18       (7) The department must use the information from this section to  
19 prepare summary descriptive statistics by category. No fewer than  
20 three taxpayers may be included in any category. The department must  
21 report these statistics to the legislature each year by December 1st.  
22 The department need not revise summary descriptive statistics for  
23 previous calendar years as a result of tax preferences claimed on  
24 amended returns.

25       (8) For the purposes of determining the identity of persons  
26 required to file an annual survey as a result of claiming a property  
27 tax preference, beginning January 1, 2017, the assessor of the county  
28 in which the property receiving the benefit of the tax preference is  
29 located must provide written notice to the department that the tax  
30 preference has been claimed. Such notice must include the claimant's  
31 name, contact information if available, and the address, tax parcel  
32 number, or description of the property receiving the benefit of the  
33 tax preference. The assessor need not provide the notice required  
34 under this subsection (8), if the person is required to file an  
35 application with the department to claim the tax preference.

36       (9) For the purposes of this section:

37       (a) "Person" has the meaning provided in RCW 82.04.030 and also  
38 includes the state and its departments and institutions.

(b) "Tax preference" has the meaning provided in RCW 43.136.021 and includes only the tax preferences requiring a survey under this section.

## Part VI

### Miscellaneous technical corrections

6       **Sec. 601.**   RCW 82.04.261 and 2010 1st sp.s. c 23 s 510 are each  
7 amended to read as follows:

8       (1) In addition to the taxes imposed under RCW 82.04.260((11))  
9 (12), a surcharge is imposed on those persons who are subject to any  
10 of the taxes imposed under RCW 82.04.260((11)) (12). Except as  
11 otherwise provided in this section, the surcharge is equal to 0.052  
12 percent. The surcharge is added to the rates provided in RCW  
13 82.04.260((11)) (12) (a), (b), (c), and (d). The surcharge and this  
14 section expire July 1, 2024.

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

18 (3)(a) The surcharge imposed under this section is suspended if:

19 (i) Receipts from the surcharge total at least eight million  
20 dollars during any fiscal biennium; or

27 (b)(i) The suspension of the surcharge under (a)(i) of this  
28 subsection (3) takes effect on the first day of the calendar month  
29 that is at least thirty days after the end of the month during which  
30 the department determines that receipts from the surcharge total at  
31 least eight million dollars during the fiscal biennium. The surcharge  
32 is imposed again at the beginning of the following fiscal biennium.

1 Washington, or the first day of a calendar month that is at least  
2 thirty days following the date that the office of financial  
3 management makes a certification to the department under subsection  
4 (5) of this section. The surcharge is imposed again on the first day  
5 of the following July.

6 (4)(a) If, by October 1st of any federal fiscal year, the office  
7 of financial management certifies to the department that the federal  
8 government has appropriated funds for participation in forest and  
9 fish report-related activities by federally recognized Indian tribes  
10 located within the geographical boundaries of the state of Washington  
11 but the amount of the appropriation is less than two million dollars,  
12 the department must adjust the surcharge in accordance with this  
13 subsection.

14 (b) The department must adjust the surcharge by an amount that  
15 the department estimates will cause the amount of funds deposited  
16 into the forest and fish support account for the state fiscal year  
17 that begins July 1st and that includes the beginning of the federal  
18 fiscal year for which the federal appropriation is made, to be  
19 reduced by twice the amount of the federal appropriation for  
20 participation in forest and fish report-related activities by  
21 federally recognized Indian tribes located within the geographical  
22 boundaries of the state of Washington.

23 (c) Any adjustment in the surcharge takes effect at the beginning  
24 of a calendar month that is at least thirty days after the date that  
25 the office of financial management makes the certification under  
26 subsection (5) of this section.

27 (d) The surcharge is imposed again at the rate provided in  
28 subsection (1) of this section on the first day of the following  
29 state fiscal year unless the surcharge is suspended under subsection  
30 (3) of this section or adjusted for that fiscal year under this  
31 subsection.

32 (e) Adjustments of the amount of the surcharge by the department  
33 are final and may not be used to challenge the validity of the  
34 surcharge imposed under this section.

35 (f) The department must provide timely notice to affected  
36 taxpayers of the suspension of the surcharge or an adjustment of the  
37 surcharge.

38 (5) The office of financial management must make the  
39 certification to the department as to the status of federal

1 appropriations for tribal participation in forest and fish report-  
2 related activities.

3       **Sec. 602.** RCW 82.04.334 and 2010 1st sp.s. c 23 s 512 are each  
4 amended to read as follows:

5       This chapter does not apply to any sale of standing timber  
6 excluded from the definition of "sale" in RCW 82.45.010(3). The  
7 definitions in RCW 82.04.260~~((11))~~ (12) apply to this section.

8       **Sec. 603.** RCW 82.04.43391 and 2010 1st sp.s. c 23 s 112 are each  
9 amended to read as follows:

10       (1) In computing tax there may be deducted from the measure of  
11 tax interest and fees on loans secured by commercial aircraft  
12 primarily used to provide routine air service and owned by:

13       (a) An air carrier, as defined in RCW ~~((82.42.030))~~ 82.42.010,  
14 which is primarily engaged in the business of providing passenger air  
15 service;

16       (b) An affiliate of such air carrier; or

17       (c) A parent entity for which such air carrier is an affiliate.

18       (2) The deduction authorized under this section is not available  
19 to any person who is physically present in this state as determined  
20 under RCW 82.04.067(6).

21       (3) For purposes of this section, the following definitions  
22 apply:

23       (a) "Affiliate" means a person is "affiliated," as defined in RCW  
24 82.04.645, with another person; and

25       (b) "Commercial aircraft" means a commercial airplane as defined  
26 in RCW 82.32.550.

27       NEW SECTION.   **Sec. 604.** RCW 82.04.4483 (Credit—Programming or  
28 manufacturing software in rural counties) and 2010 c 114 s 119 & 2004  
29 c 25 s 1 are each repealed.

30       **Sec. 605.** RCW 82.32.030 and 2011 c 298 s 38 are each amended to  
31 read as follows:

32       (1) Except as provided in subsections (2) and (3) of this  
33 section, if any person engages in any business or performs any act  
34 upon which a tax is imposed by the preceding chapters, he or she  
35 must, under such rules as the department prescribes, apply for and  
36 obtain from the department a registration certificate. Such

1 registration certificate is personal and nontransferable and is valid  
2 as long as the taxpayer continues in business and pays the tax  
3 accrued to the state. In case business is transacted at two or more  
4 separate places by one taxpayer, a separate registration certificate  
5 for each place at which business is transacted with the public is  
6 required. Each certificate must be numbered and must show the name,  
7 residence, and place and character of business of the taxpayer and  
8 such other information as the department of revenue deems necessary  
9 and must be posted in a conspicuous place at the place of business  
10 for which it is issued. Where a place of business of the taxpayer is  
11 changed, the taxpayer must return to the department the existing  
12 certificate, and a new certificate will be issued for the new place  
13 of business. No person required to be registered under this section  
14 may engage in any business taxable hereunder without first being so  
15 registered. The department, by rule, may provide for the issuance of  
16 certificates of registration to temporary places of business.

17 (2) Unless the person is a dealer as defined in RCW 9.41.010,  
18 registration under this section is not required if the following  
19 conditions are met:

20 (a) A person's value of products, gross proceeds of sales, or  
21 gross income of the business, from all business activities taxable  
22 under chapter 82.04 RCW, is less than twelve thousand dollars per  
23 year;

24 (b) The person's gross income of the business from all activities  
25 taxable under chapter 82.16 RCW is less than twelve thousand dollars  
26 per year;

27 (c) The person is not required to collect or pay to the  
28 department of revenue any other tax or fee ((which)) that the  
29 department is authorized to collect; and

30 (d) The person is not otherwise required to obtain a license  
31 subject to the ((master)) business license application procedure  
32 provided in chapter 19.02 RCW.

33 (3) All persons who agree to collect and remit sales and use tax  
34 to the department under the agreement must register through the  
35 central registration system authorized under the agreement. Persons  
36 required to register under subsection (1) of this section are not  
37 relieved of that requirement because of registration under this  
38 subsection (3).

39 (4) Persons registered under subsection (3) of this section who  
40 are not required to register under subsection (1) of this section and

1 who are not otherwise subject to the requirements of chapter 19.02  
2 RCW are not subject to the fees imposed by the department under the  
3 authority of RCW 19.02.075.

4 **Sec. 606.** RCW 84.34.108 and 2014 c 97 s 311 and 2014 c 58 s 28  
5 are each reenacted and amended to read as follows:

6 (1) When land has once been classified under this chapter, a  
7 notation of the classification must be made each year upon the  
8 assessment and tax rolls and the land must be valued pursuant to RCW  
9 84.34.060 or 84.34.065 until removal of all or a portion of the  
10 classification by the assessor upon occurrence of any of the  
11 following:

12 (a) Receipt of notice from the owner to remove all or a portion  
13 of the classification;

14 (b) Sale or transfer to an ownership, except a transfer that  
15 resulted from a default in loan payments made to or secured by a  
16 governmental agency that intends to or is required by law or  
17 regulation to resell the property for the same use as before, making  
18 all or a portion of the land exempt from ad valorem taxation;

19 (c) Sale or transfer of all or a portion of the land to a new  
20 owner, unless the new owner has signed a notice of classification  
21 continuance, except transfer to an owner who is an heir or devisee of  
22 a deceased owner or transfer by a transfer on death deed does not, by  
23 itself, result in removal of classification. The notice of  
24 continuance must be on a form prepared by the department. If the  
25 notice of continuance is not signed by the new owner and attached to  
26 the real estate excise tax affidavit, all additional taxes,  
27 applicable interest, and penalty calculated pursuant to subsection  
28 (4) of this section become due and payable by the seller or  
29 transferor at time of sale. The auditor may not accept an instrument  
30 of conveyance regarding classified land for filing or recording  
31 unless the new owner has signed the notice of continuance or the  
32 additional tax, applicable interest, and penalty has been paid, as  
33 evidenced by the real estate excise tax stamp affixed thereto by the  
34 treasurer. The seller, transferor, or new owner may appeal the new  
35 assessed valuation calculated under subsection (4) of this section to  
36 the county board of equalization in accordance with the provisions of  
37 RCW 84.40.038. Jurisdiction is hereby conferred on the county board  
38 of equalization to hear these appeals;

1       (d)(i) Determination by the assessor, after giving the owner  
2 written notice and an opportunity to be heard, that all or a portion  
3 of the land no longer meets the criteria for classification under  
4 this chapter. The criteria for classification pursuant to this  
5 chapter continue to apply after classification has been granted.

6       (ii) The granting authority, upon request of an assessor, must  
7 provide reasonable assistance to the assessor in making a  
8 determination whether the land continues to meet the qualifications  
9 of RCW 84.34.020 (1) or (3). The assistance must be provided within  
10 thirty days of receipt of the request.

11       (2) Land may not be removed from classification because of:

12       (a) The creation, sale, or transfer of forestry riparian  
13 easements under RCW 76.13.120; or

14       (b) The creation, sale, or transfer of a fee interest or a  
15 conservation easement for the riparian open space program under RCW  
16 76.09.040.

17       (3) Within thirty days after the removal of all or a portion of  
18 the land from current use classification under subsection (1) of this  
19 section, the assessor must notify the owner in writing, setting forth  
20 the reasons for the removal. The seller, transferor, or owner may  
21 appeal the removal to the county board of equalization in accordance  
22 with the provisions of RCW 84.40.038. The removal notice must explain  
23 the steps needed to appeal the removal decision, including when a  
24 notice of appeal must be filed, where the forms may be obtained, and  
25 how to contact the county board of equalization.

26       (4) Unless the removal is reversed on appeal, the assessor must  
27 revalue the affected land with reference to its true and fair value  
28 on January 1st of the year of removal from classification. Both the  
29 assessed valuation before and after the removal of classification  
30 must be listed and taxes must be allocated according to that part of  
31 the year to which each assessed valuation applies. Except as provided  
32 in subsection (6) of this section, an additional tax, applicable  
33 interest, and penalty must be imposed, which are due and payable to  
34 the treasurer thirty days after the owner is notified of the amount  
35 of the additional tax, applicable interest, and penalty. As soon as  
36 possible, the assessor must compute the amount of additional tax,  
37 applicable interest, and penalty and the treasurer must mail notice  
38 to the owner of the amount thereof and the date on which payment is  
39 due. The amount of the additional tax, applicable interest, and  
40 penalty must be determined as follows:

1       (a) The amount of additional tax is equal to the difference  
2 between the property tax paid as "open space land," "farm and  
3 agricultural land," or "timberland" and the amount of property tax  
4 otherwise due and payable for the seven years last past had the land  
5 not been so classified;

6       (b) The amount of applicable interest is equal to the interest  
7 upon the amounts of the additional tax paid at the same statutory  
8 rate charged on delinquent property taxes from the dates on which the  
9 additional tax could have been paid without penalty if the land had  
10 been assessed at a value without regard to this chapter;

11      (c) The amount of the penalty is as provided in RCW 84.34.080.  
12 The penalty may not be imposed if the removal satisfies the  
13 conditions of RCW 84.34.070.

14      (5) Additional tax, applicable interest, and penalty become a  
15 lien on the land ~~((that))~~. The lien attaches at the time the land is  
16 removed from classification under this chapter and ~~((have))~~ has  
17 priority to and must be fully paid and satisfied before any  
18 recognizance, mortgage, judgment, debt, obligation, or responsibility  
19 to or with which the land may become charged or liable. This lien may  
20 be foreclosed upon expiration of the same period after delinquency  
21 and in the same manner provided by law for foreclosure of liens for  
22 delinquent real property taxes as provided in RCW 84.64.050. Any  
23 additional tax unpaid on the due date ~~((will thereupon become [is]))~~  
24 is delinquent as of the due date. From the date of delinquency until  
25 paid, interest must be charged at the same rate applied by law to  
26 delinquent ad valorem property taxes.

27      (6) The additional tax, applicable interest, and penalty  
28 specified in subsection (4) of this section may not be imposed if the  
29 removal of classification pursuant to subsection (1) of this section  
30 resulted solely from:

31       (a) Transfer to a government entity in exchange for other land  
32 located within the state of Washington;

33       (b)(i) A taking through the exercise of the power of eminent  
34 domain, or (ii) sale or transfer to an entity having the power of  
35 eminent domain in anticipation of the exercise of such power, said  
36 entity having manifested its intent in writing or by other official  
37 action;

38       (c) A natural disaster such as a flood, windstorm, earthquake, or  
39 other such calamity rather than by virtue of the act of the landowner  
40 changing the use of the property;

1       (d) Official action by an agency of the state of Washington or by  
2 the county or city within which the land is located which disallows  
3 the present use of the land;

4       (e) Transfer of land to a church when the land would qualify for  
5 exemption pursuant to RCW 84.36.020;

6       (f) Acquisition of property interests by state agencies or  
7 agencies or organizations qualified under RCW 84.34.210 and 64.04.130  
8 for the purposes enumerated in those sections. At such time as these  
9 property interests are not used for the purposes enumerated in RCW  
10 84.34.210 and 64.04.130 the additional tax specified in subsection  
11 (4) of this section must be imposed;

12       (g) Removal of land classified as farm and agricultural land  
13 under RCW 84.34.020(2)(f);

14       (h) Removal of land from classification after enactment of a  
15 statutory exemption that qualifies the land for exemption and receipt  
16 of notice from the owner to remove the land from classification;

17       (i) The creation, sale, or transfer of forestry riparian  
18 easements under RCW 76.13.120;

19       (j) The creation, sale, or transfer of a conservation easement of  
20 private forest lands within unconfined channel migration zones or  
21 containing critical habitat for threatened or endangered species  
22 under RCW 76.09.040;

23       (k) The sale or transfer of land within two years after the death  
24 of the owner of at least a fifty percent interest in the land if the  
25 land has been assessed and valued as classified forest land,  
26 designated as forest land under chapter 84.33 RCW, or classified  
27 under this chapter continuously since 1993. The date of death shown  
28 on a death certificate is the date used for the purposes of this  
29 subsection (6)(k); or

30       (l)(i) The discovery that the land was classified under this  
31 chapter in error through no fault of the owner. For purposes of this  
32 subsection (6)(l), "fault" means a knowingly false or misleading  
33 statement, or other act or omission not in good faith, that  
34 contributed to the approval of classification under this chapter or  
35 the failure of the assessor to remove the land from classification  
36 under this chapter.

37       (ii) For purposes of this subsection (6), the discovery that land  
38 was classified under this chapter in error through no fault of the  
39 owner is not the sole reason for removal of classification pursuant  
40 to subsection (1) of this section if an independent basis for removal

1 exists. Examples of an independent basis for removal include the  
2 owner changing the use of the land or failing to meet any applicable  
3 income criteria required for classification under this chapter.

4       **Sec. 607.** RCW 82.04.280 and 2010 c 106 s 205 are each reenacted  
5 to read as follows:

6           (1) Upon every person engaging within this state in the business  
7 of: (a) Printing materials other than newspapers, and of publishing  
8 periodicals or magazines; (b) building, repairing or improving any  
9 street, place, road, highway, easement, right-of-way, mass public  
10 transportation terminal or parking facility, bridge, tunnel, or  
11 trestle which is owned by a municipal corporation or political  
12 subdivision of the state or by the United States and which is used or  
13 to be used, primarily for foot or vehicular traffic including mass  
14 transportation vehicles of any kind and including any readjustment,  
15 reconstruction or relocation of the facilities of any public, private  
16 or cooperatively owned utility or railroad in the course of such  
17 building, repairing or improving, the cost of which readjustment,  
18 reconstruction, or relocation, is the responsibility of the public  
19 authority whose street, place, road, highway, easement, right-of-way,  
20 mass public transportation terminal or parking facility, bridge,  
21 tunnel, or trestle is being built, repaired or improved; (c)  
22 extracting for hire or processing for hire, except persons taxable as  
23 extractors for hire or processors for hire under another section of  
24 this chapter; (d) operating a cold storage warehouse or storage  
25 warehouse, but not including the rental of cold storage lockers; (e)  
26 representing and performing services for fire or casualty insurance  
27 companies as an independent resident managing general agent licensed  
28 under the provisions of chapter 48.17 RCW; (f) radio and television  
29 broadcasting, excluding network, national and regional advertising  
30 computed as a standard deduction based on the national average  
31 thereof as annually reported by the federal communications  
32 commission, or in lieu thereof by itemization by the individual  
33 broadcasting station, and excluding that portion of revenue  
34 represented by the out-of-state audience computed as a ratio to the  
35 station's total audience as measured by the 100 micro-volt signal  
36 strength and delivery by wire, if any; (g) engaging in activities  
37 which bring a person within the definition of consumer contained in  
38 RCW 82.04.190(6); as to such persons, the amount of tax on such

1 business is equal to the gross income of the business multiplied by  
2 the rate of 0.484 percent.

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

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

10 (b) "Storage warehouse" means a building or structure, or any  
11 part thereof, in which goods, wares, or merchandise are received for  
12 storage for compensation, except field warehouses, fruit warehouses,  
13 fruit packing plants, warehouses licensed under chapter 22.09 RCW,  
14 public garages storing automobiles, railroad freight sheds, docks and  
15 wharves, and "self-storage" or "mini storage" facilities whereby  
16 customers have direct access to individual storage areas by separate  
17 entrance. "Storage warehouse" does not include a building or  
18 structure, or that part of such building or structure, in which an  
19 activity taxable under RCW 82.04.272 is conducted.

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

24 **Sec. 608.** RCW 82.32.790 and 2010 c 114 s 201 and 2010 c 106 s  
25 401 are each reenacted and amended to read as follows:

26 (1)(a) ((Section 206)) Section 401, chapter 106, Laws of 2010,  
27 sections 104, 110, 117, 123, 125, 129, 131, ((and)) 150, and 201,  
28 chapter 114, Laws of 2010, section ((3)) 9, chapter 461, Laws of  
29 2009, section ((7)) 12, chapter 300, Laws of 2006, and sections ((4))  
30 1, 2, 3, 5 through 10, and 12, chapter 149, Laws of 2003 are  
31 contingent upon the siting and commercial operation of a significant  
32 semiconductor microchip fabrication facility in the state of  
33 Washington.

34 (b) For the purposes of this section:

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

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

1       (iii) "Significant" means the combined investment of new  
2 buildings and new machinery and equipment in the buildings, at the  
3 commencement of commercial production, will be at least one billion  
4 dollars.

5       (2) ((~~Chapter 149, Laws of 2003 takes~~)) The sections referenced  
6 in subsection (1) of this section take effect the first day of the  
7 month in which a contract for the construction of a significant  
8 semiconductor fabrication facility is signed, as determined by the  
9 director of the department of revenue.

10     (3)(a) The department of revenue must provide notice of the  
11 effective date of the sections ((~~104, 110, 117, 123, 125, 129, 131,~~  
12 ~~and 150, chapter 114, Laws of 2010[,] section 3, chapter 461, Laws of~~  
13 ~~2009, section 7, chapter 300, Laws of 2006, and section 4, chapter~~  
14 ~~149, Laws of 2003~~)) referenced in subsection (1) of this section to  
15 affected taxpayers, the legislature, and others as deemed appropriate  
16 by the department.

17     (b) If, after making a determination that a contract has been  
18 signed and ((~~chapter 149, Laws of 2003 is~~)) the sections referenced  
19 in subsection (1) of this section are effective, the department  
20 discovers that commencement of commercial production did not take  
21 place within three years of the date the contract was signed, the  
22 department must make a determination that chapter 149, Laws of 2003  
23 is no longer effective, and all taxes that would have been otherwise  
24 due are deemed deferred taxes and are immediately assessed and  
25 payable from any person reporting tax under RCW 82.04.240(2) or  
26 claiming an exemption or credit under ((~~section 2 or 5 through 10,~~  
27 ~~chapter 149, Laws of 2003~~)) RCW 82.04.426, 82.04.448, 82.08.965,  
28 82.12.965, 82.08.970, 82.12.970, or 84.36.645. The department is not  
29 authorized to make a second determination regarding the effective  
30 date of ((~~chapter 149, Laws of 2003~~)) the sections referenced in  
31 subsection (1) of this section.

32     NEW SECTION. **Sec. 609.** The following acts or parts of acts are  
33 each repealed:

34       (1) 2010 c 106 s 206;  
35       (2) 2009 c 461 s 3;  
36       (3) 2006 c 300 s 7; and  
37       (4) 2003 c 149 s 4.

## Part VII

### Private school bus operators

3       **Sec. 701.**    RCW 82.16.010 and 2015 3rd sp.s. c 6 s 702 are each  
4 amended to read as follows:

5 ((For the purposes of this chapter, unless otherwise required by  
6 the context:)) The definitions in this section apply throughout this  
7 chapter unless the context clearly requires otherwise.

8                   (1) "Express business" means the business of carrying property  
9 for public hire on the line of any common carrier operated in this  
10 state, when such common carrier is not owned or leased by the person  
11 engaging in such business.

12 (2) "Gas distribution business" means the business of operating a  
13 plant or system for the production or distribution for hire or sale  
14 of gas, whether manufactured or natural.

15 (3) "Gross income" means the value proceeding or accruing from  
16 the performance of the particular public service or transportation  
17 business involved, including operations incidental thereto, but  
18 without any deduction on account of the cost of the commodity  
19 furnished or sold, the cost of materials used, labor costs, interest,  
20 discount, delivery costs, taxes, or any other expense whatsoever paid  
21 or accrued and without any deduction on account of losses.

22 (4) "Light and power business" means the business of operating a  
23 plant or system for the generation, production or distribution of  
24 electrical energy for hire or sale and/or for the wheeling of  
25 electricity for others.

26 (5) "Log transportation business" means the business of  
27 transporting logs by truck, except when such transportation meets the  
28 definition of urban transportation business or occurs exclusively  
29 upon private roads.

30       (6) "Motor transportation business" means the business (except  
31       urban transportation business) of operating any motor propelled  
32       vehicle by which persons or property of others are conveyed for hire,  
33       and includes, but is not limited to, the operation of any motor  
34       propelled vehicle as an auto transportation company (except urban  
35       transportation business), common carrier, or contract carrier as  
36       defined by RCW 81.68.010 and 81.80.010. However, "motor  
37       transportation business" does not mean or include: (a) A log  
38       transportation business; ((or)) (b) the transportation of logs or  
39       other forest products exclusively upon private roads or private

1 highways; or (c) the operation of a school bus for student  
2 transportation purposes.

3 (7)(a) "Public service business" means any of the businesses  
4 defined in subsections (1), (2), (4), (6), (8), (9), ((10)) (11),  
5 ((12)) (13), and ((13)) (14) of this section or any business  
6 subject to control by the state, or having the powers of eminent  
7 domain and the duties incident thereto, or any business hereafter  
8 declared by the legislature to be of a public service nature, except  
9 telephone business and low-level radioactive waste site operating  
10 companies as redefined in RCW 81.04.010. It includes, among others,  
11 without limiting the scope hereof: Airplane transportation, boom,  
12 dock, ferry, pipe line, toll bridge, toll logging road, water  
13 transportation and wharf businesses. "Public service business" does  
14 not include the transportation of logs or other forest products  
15 exclusively upon private roads or private highways or the operation  
16 of a school bus for student transportation purposes.

17 (b) The definitions in this subsection (7)(b) apply throughout  
18 this subsection (7).

19 (i) "Competitive telephone service" has the same meaning as in  
20 RCW 82.04.065.

21 (ii) "Network telephone service" means the providing by any  
22 person of access to a telephone network, telephone network switching  
23 service, toll service, or coin telephone services, or the providing  
24 of telephonic, video, data, or similar communication or transmission  
25 for hire, via a telephone network, toll line or channel, cable,  
26 microwave, or similar communication or transmission system. "Network  
27 telephone service" includes the provision of transmission to and from  
28 the site of an internet provider via a telephone network, toll line  
29 or channel, cable, microwave, or similar communication or  
30 transmission system. "Network telephone service" does not include the  
31 providing of competitive telephone service, the providing of cable  
32 television service, the providing of broadcast services by radio or  
33 television stations, nor the provision of internet access as defined  
34 in RCW 82.04.297, including the reception of dial-in connection,  
35 provided at the site of the internet service provider.

36 (iii) "Telephone business" means the business of providing  
37 network telephone service. It includes cooperative or farmer line  
38 telephone companies or associations operating an exchange.

1       (iv) "Telephone service" means competitive telephone service or  
2 network telephone service, or both, as defined in (b)(i) and (ii) of  
3 this subsection.

4       (8) "Railroad business" means the business of operating any  
5 railroad, by whatever power operated, for public use in the  
6 conveyance of persons or property for hire. It ~~((shall))~~ does not,  
7 however, include any business herein defined as an urban  
8 transportation business.

9       (9) "Railroad car business" means the business of operating stock  
10 cars, furniture cars, refrigerator cars, fruit cars, poultry cars,  
11 tank cars, sleeping cars, parlor cars, buffet cars, tourist cars, or  
12 any other kinds of cars used for transportation of property or  
13 persons upon the line of any railroad operated in this state when  
14 such railroad is not owned or leased by the person engaging in such  
15 business.

16       (10) "School bus" means every vehicle with a seating capacity of  
17 more than ten persons, including the driver, used primarily to  
18 transport children to and from school or in connection with school  
19 activities. The term does not include buses operated by a transit  
20 authority as defined in RCW 9.91.025.

21       (11) "Telegraph business" means the business of affording  
22 telegraphic communication for hire.

23       ((+11)) (12) "Tugboat business" means the business of operating  
24 tugboats, towboats, wharf boats or similar vessels in the towing or  
25 pushing of vessels, barges or rafts for hire.

26       ((+12)) (13) "Urban transportation business" means the business  
27 of operating any vehicle for public use in the conveyance of persons  
28 or property for hire, insofar as (a) operating entirely within the  
29 corporate limits of any city or town, or within five miles of the  
30 corporate limits thereof, or (b) operating entirely within and  
31 between cities and towns whose corporate limits are not more than  
32 five miles apart or within five miles of the corporate limits of  
33 either thereof. Included herein, but without limiting the scope  
34 hereof, is the business of operating passenger vehicles of every type  
35 and also the business of operating cartage, pickup, or delivery  
36 services, including in such services the collection and distribution  
37 of property arriving from or destined to a point within or without  
38 the state, whether or not such collection or distribution be made by  
39 the person performing a local or interstate line-haul of such

property. However, "urban transportation business" does not include the operation of a school bus for student transportation purposes.

((13)) (14) "Water distribution business" means the business of operating a plant or system for the distribution of water for hire or sale.

((14)) (15) The meaning attributed, in chapter 82.04 RCW, to the term "tax year," "person," "value proceeding or accruing," "business," "engaging in business," "in this state," "within this state," "cash discount" and "successor" ((shall apply)) applies equally in the provisions of this chapter.

## Part VIII

### Estate tax return filing relief

**Sec. 801.** RCW 83.100.050 and 2008 c 181 s 504 are each amended to read as follows:

(1) A Washington return must be filed if((:(a) A federal return is required to be filed; or (b) for decedents dying prior to January 1, 2006, the gross estate exceeds one million five hundred thousand dollars; or (c) for decedents dying on or after January 1, 2006, the gross estate exceeds two million dollars)) the gross estate equals or exceeds the applicable exclusion amount.

(2) If a Washington return is required as provided in subsection (1) of this section:

(a) A person required to file a federal return ((shall)) must file with the department on or before the date the federal return is required to be filed, including any extension of time for filing under subsection (4) or (6) of this section, a Washington return for the tax due under this chapter.

(b) If no federal return is required to be filed, a taxpayer ((shall)) must file with the department on or before the date a federal return would have been required to be filed, including any extension of time for filing under subsection (5) or (6) of this section, a Washington return for the tax due under this chapter.

(3) A Washington return delivered to the department by United States mail ((shall be)) is considered to have been received by the department on the date of the United States postmark stamped on the cover in which the return is mailed, if the postmark date is within the time allowed for filing the Washington return, including extensions.

1       (4) In addition to the Washington return required to be filed in  
2 subsection (2) of this section, a person((, if required to file a  
3 federal return, shall)) must file with the department on or before  
4 the date the federal return is or would have been required to be  
5 filed all supporting documentation for completed Washington return  
6 schedules, and, if a federal return has been filed a copy of the  
7 federal return ((along with all supporting documentation)). If the  
8 person required to file the federal return has obtained an extension  
9 of time for filing the federal return, the person ((shall)) must file  
10 the Washington return within the same time period and in the same  
11 manner as provided for the federal return. A copy of the federal  
12 extension ((shall)) must be filed with the department on or before  
13 the date the Washington return is due, not including any extension of  
14 time for filing, or within thirty days of issuance, whichever is  
15 later.

16 (5) A person may obtain an extension of time for filing the  
17 Washington return as provided by rule of the department, if the  
18 person is required to file a Washington return under subsection (2)  
19 of this section, but is not required to file a federal return.

20 (6) During a state of emergency declared under RCW 43.06.010(12),  
21 the department, on its own motion or at the request of any taxpayer  
22 affected by the emergency, may extend the time for filing a  
23 Washington return under this section as the department deems proper.

## Part IX

Clarifying that licensing information may not be disclosed for commercial purposes

27           **Sec. 901.**    RCW 19.02.115 and 2013 c 144 s 26 are each amended to  
28    read as follows:

32 (a) "Disclose" means to make known to any person in any manner  
33 licensing information;

34 (b) "Licensing information" means any information created or  
35 obtained by the department in the administration of this chapter and  
36 chapters 19.80 and 59.30 RCW, which information relates to any person  
37 who: (i) Has applied for or has been issued a license or trade name;  
38 or (ii) has been issued an assessment or delinquency fee. Licensing

1 information includes initial and renewal business license  
2 applications, and business licenses;

3 (c) "Person" has the same meaning as in RCW 82.04.030 and also  
4 includes the state and the state's departments and institutions; and

5 (d) "State agency" means every Washington state office,  
6 department, division, bureau, board, commission, or other state  
7 agency.

8 (2) Licensing information is confidential and privileged, and  
9 except as authorized by this section, neither the department nor any  
10 other person may disclose any licensing information. Nothing in this  
11 chapter requires any person possessing licensing information made  
12 confidential and privileged by this section to delete information  
13 from such information so as to permit its disclosure.

14 (3) This section does not prohibit the department of revenue, or  
15 any other person receiving licensing information from the department  
16 under this subsection, from:

17 (a) Disclosing licensing information in a civil or criminal  
18 judicial proceeding or an administrative proceeding:

19 (i) In which the person about whom such licensing information is  
20 sought and the department, another state agency, or a local  
21 government are adverse parties in the proceeding; or

22 (ii) Involving a dispute arising out of the department's  
23 administration of chapter 19.80 or 59.30 RCW, or this chapter if the  
24 licensing information relates to a party in the proceeding;

25 (b) Disclosing, subject to such requirements and conditions as  
26 the director prescribes by rules adopted pursuant to chapter 34.05  
27 RCW, such licensing information regarding a license applicant or  
28 license holder to such license applicant or license holder or to such  
29 person or persons as that license applicant or license holder may  
30 designate in a request for, or consent to, such disclosure, or to any  
31 other person, at the license applicant's or license holder's request,  
32 to the extent necessary to comply with a request for information or  
33 assistance made by the license applicant or license holder to such  
34 other person. However, licensing information not received from the  
35 license applicant or holder must not be so disclosed if the director  
36 determines that such disclosure would compromise any investigation or  
37 litigation by any federal, state, or local government agency in  
38 connection with the civil or criminal liability of the license  
39 applicant, license holder, or another person, or that such disclosure  
40 would identify a confidential informant, or that such disclosure is

1 contrary to any agreement entered into by the department that  
2 provides for the reciprocal exchange of information with other  
3 government agencies, which agreement requires confidentiality with  
4 respect to such information unless such information is required to be  
5 disclosed to the license applicant or license holder by the order of  
6 any court;

7 (c) Publishing statistics so classified as to prevent the  
8 identification of particular licensing information;

9 (d) Disclosing licensing information for official purposes only,  
10 to the governor or attorney general, or to any state agency, or to  
11 any committee or subcommittee of the legislature dealing with matters  
12 of taxation, revenue, trade, commerce, the control of industry or the  
13 professions, or licensing;

14 (e) Permitting the department's records to be audited and  
15 examined by the proper state officer, his or her agents and  
16 employees;

17 (f) Disclosing any licensing information to a peace officer as  
18 defined in RCW 9A.04.110 or county prosecuting attorney, for official  
19 purposes. The disclosure may be made only in response to a search  
20 warrant, subpoena, or other court order, unless the disclosure is for  
21 the purpose of criminal tax or license enforcement. A peace officer  
22 or county prosecuting attorney who receives the licensing information  
23 may disclose that licensing information only for use in the  
24 investigation and a related court proceeding, or in the court  
25 proceeding for which the licensing information originally was sought;

26 (g) Disclosing, in a manner that is not associated with other  
27 licensing information, the name of a license applicant or license  
28 holder, entity type, registered trade name, business address, mailing  
29 address, unified business identifier number, list of licenses issued  
30 to a person through the business licensing system established in this  
31 chapter and their issuance and expiration dates, and the dates of  
32 opening of a business. This subsection may not be construed as giving  
33 authority to the department to give, sell, or provide access to any  
34 list of persons for any commercial purpose;

35 (h) Disclosing licensing information that is also maintained by  
36 another Washington state or local governmental agency as a public  
37 record available for inspection and copying under the provisions of  
38 chapter 42.56 RCW or is a document maintained by a court of record  
39 and is not otherwise prohibited from disclosure;

(i) Disclosing any licensing information when the disclosure is specifically authorized under any other section of the Revised Code of Washington;

(j) Disclosing licensing information to the proper officer of the licensing or tax department of any city, town, or county of this state, for official purposes. If the licensing information does not relate to a license issued by the city, town, or county requesting the licensing information, disclosure may be made only if the laws of the requesting city, town, or county grants substantially similar privileges to the proper officers of this state; or

(k) Disclosing licensing information to the federal government for official purposes.

(4) Notwithstanding anything to the contrary in this section, a state agency or local government agency may disclose licensing information relating to a license issued on its behalf by the department pursuant to this chapter if the disclosure is authorized by another statute, local law, or administrative rule.

(5) The department, any other state agency, or local government may refuse to disclose licensing information that is otherwise disclosable under subsection (3) of this section if such disclosure would violate federal law or any information sharing agreement between the state or local government and federal government.

(6) Any person acquiring knowledge of any licensing information in the course of his or her employment with the department and any person acquiring knowledge of any licensing information as provided under subsection (3)(d), (e), (f), (j), or (k) of this section, who discloses any such licensing information to another person not entitled to knowledge of such licensing information under the provisions of this section, is guilty of a misdemeanor. If the person guilty of such violation is an officer or employee of the state, such person must forfeit such office or employment and is incapable of holding any public office or employment in this state for a period of two years thereafter.

## Part X

### Background investigations

**Sec. 1001.** RCW 82.01.060 and 2011 c 298 s 36 are each amended to read as follows:

1       The director of revenue, hereinafter in chapter 26, Laws of 1967  
2 ex. sess. referred to as the director, through the department of  
3 revenue, hereinafter in chapter 26, Laws of 1967 ex. sess. referred  
4 to as the department, must:

5       (1) Assess and collect all taxes and administer all programs  
6 relating to taxes which are the responsibility of the tax commission  
7 at the time chapter 26, Laws of 1967 ex. sess. takes effect or which  
8 the legislature may hereafter make the responsibility of the director  
9 or of the department;

10       (2) Make, adopt and publish such rules as he or she may deem  
11 necessary or desirable to carry out the powers and duties imposed  
12 upon him or her or the department by the legislature. However, the  
13 director may not adopt rules after July 23, 1995, that are based  
14 solely on a section of law stating a statute's intent or purpose, on  
15 the enabling provisions of the statute establishing the agency, or on  
16 any combination of such provisions, for statutory authority to adopt  
17 any rule;

18       (3) Rules adopted by the tax commission before July 23, 1995,  
19 remain in force until such time as they may be revised or rescinded  
20 by the director;

21       (4) Provide by general regulations for an adequate system of  
22 departmental review of the actions of the department or of its  
23 officers and employees in the assessment or collection of taxes;

24       (5) Maintain a tax research section with sufficient technical,  
25 clerical and other employees to conduct constant observation and  
26 investigation of the effectiveness and adequacy of the revenue laws  
27 of this state and of the sister states in order to assist the  
28 governor, the legislature and the director in estimation of revenue,  
29 analysis of tax measures, and determination of the administrative  
30 feasibility of proposed tax legislation and allied problems;

31       (6) Recommend to the governor such amendments, changes in, and  
32 modifications of the revenue laws as seem proper and requisite to  
33 remedy injustice and irregularities in taxation, and to facilitate  
34 the assessment and collection of taxes in the most economical manner;

35       (7) Provide the opportunity for any person feeling aggrieved by  
36 any action taken against the person by the department in the  
37 administration of chapters 19.02, 19.80, and 59.30 RCW to request a  
38 review of the department's action. Such review may be conducted as a  
39 brief adjudicative proceeding under RCW 34.05.485 through 34.05.494;

(8)(a) Establish background investigation policies and requirements applicable to those department employees and contractors that are authorized by the department to access federal tax information. Such policies may include state and national-level background checks and must satisfy any specific background investigation standards established by the internal revenue service; and

(b) Ensure that the department complies with its background investigation policies and requirements.

## Part XI

Revising the date by which the department of revenue is required to provide estimates of the amount of public forestland that is available for timber harvesting

**Sec. 1101.** RCW 84.33.089 and 2004 c 177 s 6 are each amended to read as follows:

(1) The department ((shall)) must estimate the number of acres of public forestland that are available for timber harvesting. The department ((shall)) must provide the estimates for each county and for each taxing district within each county by ((August 30th)) October 1st of each year except that the department may authorize a county, at the county's option, to make its own estimates for public forestland in that county. In estimating the number of acres, the department ((shall)) must use the best available information to include public land comparable to private land that qualifies as forestland for assessment purposes and exclude other public lands. The department is not required to update the estimates unless improved information becomes available. The department of natural resources ((shall)) must assist the department with these determinations by providing any data and information in the possession of the department of natural resources on public forestlands, broken out by county and legal description, including a detailed map of each county showing the location of the described lands. The data and information ((shall)) must be provided to the department by July 15th of each year. In addition, the department may contract with other parties to provide data or assistance necessary to implement this section.

(2) To accommodate the phase-in of the county forest excise tax on the harvest of timber from public lands as provided in RCW

1 84.33.051, the department ((shall)) must adjust its actual estimates  
2 of the number of acres of public forestland that are available for  
3 timber harvesting. The department ((shall)) must reduce its estimates  
4 for the following years by the following amounts:

- 5 (a) For calendar year 2005, 70 percent;
- 6 (b) For calendar year 2006, 62.5 percent;
- 7 (c) For calendar year 2007, 55 percent;
- 8 (d) For calendar year 2008, 47.5 percent;
- 9 (e) For calendar year 2009, 40 percent;
- 10 (f) For calendar year 2010, 32.5 percent;
- 11 (g) For calendar year 2011, 22.5 percent;
- 12 (h) For calendar year 2012, 15 percent;
- 13 (i) For calendar year 2013, 7.5 percent; and
- 14 (j) For calendar year 2014 and thereafter, the department  
15 ((shall)) may not reduce its estimates of the number of acres of  
16 public forestland that are available for timber harvesting.

17 **Part XII**  
18 **Miscellaneous**

19 NEW SECTION. **Sec. 1201.** RCW 82.32.805 and 82.32.808 do not  
20 apply to any provisions of this act.

21 NEW SECTION. **Sec. 1202.** (1) Sections 501 and 502 of this act  
22 take effect January 1, 2018, unless, before that date, legislation is  
23 enacted to repeal RCW 82.32.534 and 82.32.585 and establish a tax  
24 preference accountability reporting framework to replace the  
25 provisions governing annual reports and surveys in RCW 82.32.534 and  
26 82.32.585.

27 (2) The department of revenue must provide written notice of the  
28 effective date of sections 501 and 502 of this act to affected  
29 parties, the chief clerk of the house of representatives, the  
30 secretary of the senate, the office of the code reviser, and others  
31 as deemed appropriate by the department.

--- END ---