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SENATE BILL 6694

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State of Washington

66th Legislature

2020 Regular Session

By Senator Ericksen

1 AN ACT Relating to business and occupation tax fairness for  
2 Washington manufacturers; amending RCW 82.04.240, 82.04.240,  
3 82.04.280, 82.32.850, and 82.32.790; reenacting and amending RCW  
4 82.04.260; creating a new section; providing an effective date; and  
5 providing a contingent effective date.

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

7 **Sec. 1.** RCW 82.04.240 and 2004 c 24 s 4 are each amended to read  
8 as follows:

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

15 The measure of the tax)), and every manufacturer engaging within  
16 the state in the business of making sales, at retail or wholesale, of  
17 products manufactured by the manufacturer, as to such persons the  
18 amount of tax with respect to such business is equal to the taxable  
19 amount under this section multiplied by the rate of 0.2904 percent.

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

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

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

6        (c) Processing for hire is the total charges made for those  
7 services.

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

10        (1) Upon every person engaging within this state in business as a  
11 manufacturer or processor for hire, except persons taxable as  
12 manufacturers or processors for hire under other provisions of this  
13 chapter (~~(; as to such persons the amount of the tax with respect to~~  
14 ~~such business is equal to the value of the products, including~~  
15 ~~byproducts, manufactured, multiplied by the rate of 0.484 percent)),  
16 and every manufacturer engaging within the state in the business of  
17 making sales, at retail or wholesale, of products manufactured by the  
18 manufacturer, as to such persons to the amount of tax with respect to  
19 such business is equal to the taxable amount under this section  
20 multiplied by the rate of 0.2904 percent.~~

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

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

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

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

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

1 (c) Processing for hire is the total charges made for those  
2 services.

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

5 **Sec. 3.** RCW 82.04.260 and 2019 c 425 s 1 and 2019 c 336 s 4 are  
6 each reenacted and amended to read as follows:

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

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

15 (b) Beginning July 1, 2025, seafood products that remain in a  
16 raw, raw frozen, or raw salted state at the completion of the  
17 manufacturing by that person; or selling manufactured seafood  
18 products that remain in a raw, raw frozen, or raw salted state at the  
19 completion of the manufacturing, to purchasers who transport in the  
20 ordinary course of business the goods out of this state; as to such  
21 persons the amount of tax with respect to such business is equal to  
22 the value of the products manufactured or the gross proceeds derived  
23 from such sales, multiplied by the rate of 0.138 percent. Sellers  
24 must keep and preserve records for the period required by RCW  
25 82.32.070 establishing that the goods were transported by the  
26 purchaser in the ordinary course of business out of this state;

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

1 manufacturer for use as an ingredient or component in the  
2 manufacturing of a dairy product.

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

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

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

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

17 (d)(i) Beginning July 1, 2025, fruits or vegetables by canning,  
18 preserving, freezing, processing, or dehydrating fresh fruits or  
19 vegetables, or selling at wholesale fruits or vegetables manufactured  
20 by the seller by canning, preserving, freezing, processing, or  
21 dehydrating fresh fruits or vegetables and sold to purchasers who  
22 transport in the ordinary course of business the goods out of this  
23 state; as to such persons the amount of tax with respect to such  
24 business is equal to the value of the products manufactured or the  
25 gross proceeds derived from such sales multiplied by the rate of  
26 0.138 percent. Sellers must keep and preserve records for the period  
27 required by RCW 82.32.070 establishing that the goods were  
28 transported by the purchaser in the ordinary course of business out  
29 of this state.

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

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

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

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

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

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

21 (b) Upon every person engaging within this state in the business  
22 of acting as a travel agent or tour operator and whose annual taxable  
23 amount for the calendar year was more than two hundred fifty thousand  
24 dollars; as to such persons the amount of the tax with respect to  
25 such activities is equal to the gross income derived from such  
26 activities multiplied by the rate of 0.275 percent through June 30,  
27 2019, and 0.9 percent beginning July 1, 2019.

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

35 (7) Upon every person engaging within this state in the business  
36 of stevedoring and associated activities pertinent to the movement of  
37 goods and commodities in waterborne interstate or foreign commerce;  
38 as to such persons the amount of tax with respect to such business is  
39 equal to the gross proceeds derived from such activities multiplied  
40 by the rate of 0.275 percent. Persons subject to taxation under this

1 subsection are exempt from payment of taxes imposed by chapter 82.16  
2 RCW for that portion of their business subject to taxation under this  
3 subsection. Stevedoring and associated activities pertinent to the  
4 conduct of goods and commodities in waterborne interstate or foreign  
5 commerce are defined as all activities of a labor, service or  
6 transportation nature whereby cargo may be loaded or unloaded to or  
7 from vessels or barges, passing over, onto or under a wharf, pier, or  
8 similar structure; cargo may be moved to a warehouse or similar  
9 holding or storage yard or area to await further movement in import  
10 or export or may move to a consolidation freight station and be  
11 stuffed, unstuffed, containerized, separated or otherwise segregated  
12 or aggregated for delivery or loaded on any mode of transportation  
13 for delivery to its consignee. Specific activities included in this  
14 definition are: Wharfage, handling, loading, unloading, moving of  
15 cargo to a convenient place of delivery to the consignee or a  
16 convenient place for further movement to export mode; documentation  
17 services in connection with the receipt, delivery, checking, care,  
18 custody and control of cargo required in the transfer of cargo;  
19 imported automobile handling prior to delivery to consignee; terminal  
20 stevedoring and incidental vessel services, including but not limited  
21 to plugging and unplugging refrigerator service to containers,  
22 trailers, and other refrigerated cargo receptacles, and securing ship  
23 hatch covers.

24 (8) (a) Upon every person engaging within this state in the  
25 business of disposing of low-level waste, as defined in RCW  
26 43.145.010; as to such persons the amount of the tax with respect to  
27 such business is equal to the gross income of the business, excluding  
28 any fees imposed under chapter 43.200 RCW, multiplied by the rate of  
29 3.3 percent.

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

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

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

8 (11)(a) Beginning (~~October 1, 2005~~) July 1, 2020, upon every  
9 person engaging within this state in the business of manufacturing  
10 commercial airplanes, or components of such airplanes, or making  
11 sales, at retail or wholesale, of commercial airplanes or components  
12 of such airplanes, manufactured by the seller, as to such persons the  
13 amount of tax with respect to such business is, in the case of  
14 manufacturers, equal to the value of the product manufactured and the  
15 gross proceeds of sales of the product manufactured, or in the case  
16 of processors for hire, equal to the gross income of the business,  
17 multiplied by the rate of:

18 (i) (~~0.4235 percent from October 1, 2005, through June 30, 2007;~~  
19 ~~and~~) 0.484 percent; or

20 (ii) 0.2904 percent beginning (~~July 1, 2007~~) July 1st of the  
21 year provided under (f) of this subsection (11).

22 (b) Beginning July 1, 2008, upon every person who is not eligible  
23 to report under the provisions of (a) of this subsection (11) and is  
24 engaging within this state in the business of manufacturing tooling  
25 specifically designed for use in manufacturing commercial airplanes  
26 or components of such airplanes, or making sales, at retail or  
27 wholesale, of such tooling manufactured by the seller, as to such  
28 persons the amount of tax with respect to such business is, in the  
29 case of manufacturers, equal to the value of the product manufactured  
30 and the gross proceeds of sales of the product manufactured, or in  
31 the case of processors for hire, be equal to the gross income of the  
32 business, multiplied by the rate of 0.2904 percent.

33 (c) For the purposes of this subsection (11), "commercial  
34 airplane" and "component" have the same meanings as provided in RCW  
35 82.32.550.

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

1       (e) ~~((i) Except as provided in (e)(ii) of this subsection (11),)~~  
2       The rate under (a)(ii) of this subsection (11) does not apply on and  
3       after July 1, 2040.

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

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

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

37       (c) Until July 1, 2045, upon every person engaging within this  
38       state in the business of selling at wholesale: (i) Timber extracted  
39       by that person; (ii) timber products manufactured by that person from  
40       timber or other timber products; (iii) wood products manufactured by



1 that person from timber or timber products; or (iv) products defined  
2 in RCW 19.27.570(1) manufactured by that person(~~(+)~~); as to such  
3 persons the amount of the tax with respect to the business is equal  
4 to the gross proceeds of sales of the timber, timber products, wood  
5 products, or products defined in RCW 19.27.570(1) multiplied by the  
6 rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and  
7 0.2904 percent from July 1, 2007, through June 30, 2045.

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

18 (e) For purposes of this subsection, the following definitions  
19 apply:

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

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

36 (iii) "Recycled paper" means paper and paper products having  
37 fifty percent or more of their fiber content that comes from  
38 postconsumer waste. For purposes of this subsection (12)(e)(iii),  
39 "postconsumer waste" means a finished material that would normally be

1 disposed of as solid waste, having completed its life cycle as a  
2 consumer item.

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

7 (v) "Timber products" means:

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

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

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

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

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

23 (g) Nothing in this subsection (12) may be construed to affect  
24 the taxation of any activity defined as a retail sale in RCW  
25 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW  
26 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

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

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

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

1       **Sec. 4.** RCW 82.04.280 and 2019 c 449 s 1 are each amended to  
2 read as follows:

3       (1) Upon every person engaging within this state in the business  
4 of: (a) Printing materials other than newspapers, and of publishing  
5 periodicals or magazines; (b) building, repairing or improving any  
6 street, place, road, highway, easement, right-of-way, mass public  
7 transportation terminal or parking facility, bridge, tunnel, or  
8 trestle which is owned by a municipal corporation or political  
9 subdivision of the state or by the United States and which is used or  
10 to be used, primarily for foot or vehicular traffic including mass  
11 transportation vehicles of any kind and including any readjustment,  
12 reconstruction or relocation of the facilities of any public, private  
13 or cooperatively owned utility or railroad in the course of such  
14 building, repairing or improving, the cost of which readjustment,  
15 reconstruction, or relocation, is the responsibility of the public  
16 authority whose street, place, road, highway, easement, right-of-way,  
17 mass public transportation terminal or parking facility, bridge,  
18 tunnel, or trestle is being built, repaired or improved; (c)  
19 extracting for hire (~~(or processing for hire)~~), except persons  
20 taxable as extractors for hire (~~(or processors for hire)~~) under  
21 another section of this chapter; (d) operating a cold storage  
22 warehouse or storage warehouse, but not including the rental of cold  
23 storage lockers; (e) representing and performing services for fire or  
24 casualty insurance companies as an independent resident managing  
25 general agent licensed under the provisions of chapter 48.17 RCW; (f)  
26 radio and television broadcasting, but excluding revenues from  
27 network, national, and regional advertising computed either: (i) As a  
28 standard deduction that the department must publish by rule by  
29 September 30, 2020, and by September 30th of every fifth year  
30 thereafter, based on the national average thereof as reported by the  
31 United States census bureau's economic census; or (ii) in lieu  
32 thereof by itemization by the individual broadcasting station, and  
33 excluding that portion of revenue represented by the out-of-state  
34 audience computed as a ratio to the broadcasting station's total  
35 audience as measured by the .5 millivolt/meter signal strength  
36 contour for AM radio, the one millivolt/meter or sixty dBu signal  
37 strength contour for FM radio, the twenty-eight dBu signal strength  
38 contour for television channels two through six, the thirty-six dBu  
39 signal strength contour for television channels seven through  
40 thirteen, and the forty-one dBu signal strength contour for

1 television channels fourteen through sixty-nine with delivery by  
2 wire, satellite, or any other means, if any; (g) engaging in  
3 activities which bring a person within the definition of consumer  
4 contained in RCW 82.04.190(6); as to such persons, the amount of tax  
5 on such business is equal to the gross income of the business  
6 multiplied by the rate of 0.484 percent.

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

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

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

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

28 **Sec. 5.** RCW 82.32.850 and 2013 3rd sp.s. c 2 s 2 are each  
29 amended to read as follows:

30 (1) (~~Chapter 2, Laws of 2013 3rd sp. sess.~~) The rate under RCW  
31 82.04.260(11)(a)(ii) takes effect contingent upon the siting of a  
32 significant commercial airplane manufacturing program in the state of  
33 Washington. (~~If a significant commercial airplane manufacturing~~  
34 ~~program is not sited in the state of Washington by June 30, 2017,~~  
35 ~~chapter 2, Laws of 2013 3rd sp. sess. does not take effect.~~)

36 (2) The definitions in this subsection apply throughout this  
37 section unless the context clearly requires otherwise.

38 (a) "Commercial airplane" has the same meaning provided in RCW  
39 82.32.550.

1 (b) "New model, or any version or variant of an existing model,  
2 of a commercial airplane" means a commercial airplane manufactured  
3 with a carbon fiber composite fuselage or carbon fiber composite  
4 wings or both.

5 (c) "Significant commercial airplane manufacturing program" means  
6 an airplane program in which the following products, including final  
7 assembly, will commence manufacture at a new or existing location  
8 within Washington state on or after (~~July 9, 2014~~) July 1, 2020:

9 (i) The new model, or any new version or new variant of an  
10 existing model, of a commercial airplane; and

11 (ii) Fuselages and wings of a new model, or any new version or  
12 new variant of an existing model, of a commercial airplane.

13 (d) "Siting" means a final decision, made on or after (~~November~~  
14 ~~1, 2013~~) July 1, 2020, by a manufacturer to locate a significant  
15 commercial airplane manufacturing program in Washington state.

16 (3) The department must make a determination regarding whether  
17 the contingency in subsection (1) of this section occurs and must  
18 provide written notice of the date on which such contingency occurs  
19 and (~~chapter 2, Laws of 2013 3rd sp. sess.~~) the rate under RCW  
20 82.04.260(11)(a)(ii) takes effect. (~~If the department determines~~  
21 ~~that the contingency in subsection (1) of this section has not~~  
22 ~~occurred by June 30, 2017, the department must provide written notice~~  
23 ~~stating that chapter 2, Laws of 2013 3rd sp. sess. does not take~~  
24 ~~effect.~~) Written notice under this subsection (3) must be provided  
25 to affected parties, the chief clerk of the house of representatives,  
26 the secretary of the senate, the office of the code reviser, and  
27 others as deemed appropriate by the department.

28 **Sec. 6.** RCW 82.32.790 and 2019 c 449 s 2 are each amended to  
29 read as follows:

30 (1)(a) Section 2, chapter . . ., Laws of 2020 (section 2 of this  
31 act), section 1, chapter 449, Laws of 2019, sections 510, 512, 514,  
32 516, 518, 520, 522, and 524, chapter 37, Laws of 2017 3rd sp. sess.,  
33 sections 9, 13, 17, 22, 24, 30, 32, and 45, chapter 135, Laws of  
34 2017, sections 104, 110, 117, 123, 125, 129, 131, and 150, chapter  
35 114, Laws of 2010, and sections 1, 2, 3, and 5 through 10, chapter  
36 149, Laws of 2003 are contingent upon the siting and commercial  
37 operation of a significant semiconductor microchip fabrication  
38 facility in the state of Washington by January 1, 2024.

39 (b) For the purposes of this section:

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

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

5 (iii) "Significant" means the combined investment of new  
6 buildings and new machinery and equipment in the buildings, at the  
7 commencement of commercial production, will be at least one billion  
8 dollars.

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

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

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

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

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

38 NEW SECTION. **Sec. 7.** The provisions of RCW 82.32.805 and  
39 82.32.808 do not apply to this act.

1        NEW SECTION.   **Sec. 8.**   Except for section 2 of this act, this act  
2   takes effect July 1, 2020.

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