

SHB 1846 - H AMD TO (1846-S AMH . . . REIN 146) **428**

By Representative Hasegawa

WITHDRAWN 03/07/2011

1 On page 4, after line 2 of the striking amendment, insert the
2 following:

3
4 "Sec. 7. RCW 82.04.260 and 2011 c 2 s 203 (Initiative Measure No.
5 1107, approved November 2, 2010) are each amended to read as follows:

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

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

14 (b) Beginning July 1, 2012, seafood products that remain in a raw,
15 raw frozen, or raw salted state at the completion of the manufacturing
16 by that person; or selling manufactured seafood products that remain
17 in a raw, raw frozen, or raw salted state at the completion of the
18 manufacturing, to purchasers who transport in the ordinary course of
19 business the goods out of this state; as to such persons the amount of
20 tax with respect to such business is equal to the value of the
21 products manufactured or the gross proceeds derived from such sales,
22 multiplied by the rate of 0.138 percent. Sellers must keep and
23 preserve records for the period required by RCW 82.32.070 establishing
24 that the goods were transported by the purchaser in the ordinary
25 course of business out of this state;

26 (c) Beginning July 1, 2012, dairy products that as of September
27 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and

1 135, including by-products from the manufacturing of the dairy
2 products such as whey and casein; or selling the same to purchasers
3 who transport in the ordinary course of business the goods out of
4 state; as to such persons the tax imposed is equal to the value of the
5 products manufactured or the gross proceeds derived from such sales
6 multiplied by the rate of 0.138 percent. Sellers must keep and
7 preserve records for the period required by RCW 82.32.070 establishing
8 that the goods were transported by the purchaser in the ordinary
9 course of business out of this state;

10 (d) Beginning July 1, 2012, fruits or vegetables by canning,
11 preserving, freezing, processing, or dehydrating fresh fruits or
12 vegetables, or selling at wholesale fruits or vegetables manufactured
13 by the seller by canning, preserving, freezing, processing, or
14 dehydrating fresh fruits or vegetables and sold to purchasers who
15 transport in the ordinary course of business the goods out of this
16 state; as to such persons the amount of tax with respect to such
17 business is equal to the value of the products manufactured or the
18 gross proceeds derived from such sales multiplied by the rate of 0.138
19 percent. Sellers must keep and preserve records for the period
20 required by RCW 82.32.070 establishing that the goods were transported
21 by the purchaser in the ordinary course of business out of this state;

22 (e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or biodiesel
23 feedstock, as those terms are defined in RCW 82.29A.135; as to such
24 persons the amount of tax with respect to the business is equal to the
25 value of alcohol fuel, biodiesel fuel, or biodiesel feedstock
26 manufactured, multiplied by the rate of 0.138 percent; and

27 (f) Wood biomass fuel as defined in RCW 82.29A.135; as to such
28 persons the amount of tax with respect to the business is equal to the
29 value of wood biomass fuel manufactured, multiplied by the rate of
30 0.138 percent.

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

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

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

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

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

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

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

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

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

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

33 (10) Upon every person engaging within this state in business as a
34 hospital, as defined in chapter 70.41 RCW, that is operated as a

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

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

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

17 (ii)(A) 0.2904 percent beginning July 1, 2007; plus

18 (B) an additional rate of 0.0096 percent beginning October 1,
19 2011, for the purposes of the aerospace training student loan program,
20 but only if specific funding for the purposes of this act is provided
21 by June 30, 2011, in the omnibus appropriations act.

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 or
26 components of such airplanes, or making sales, at retail or wholesale,
27 of such tooling manufactured by the seller, as to such persons the
28 amount of tax with respect to such business is, in the case of
29 manufacturers, equal to the value of the product manufactured and the
30 gross proceeds of sales of the product manufactured, or in the case of
31 processors for hire, be equal to the gross income of the business,
32 multiplied by the rate of:

33 (i) 0.2904 percent; plus

34

1 (ii) an additional rate of 0.0096 percent beginning October 1,
2 2011, for the purposes of the aerospace training student loan program,
3 but only if specific funding for the purposes of this act is provided
4 by June 30, 2011, in the omnibus appropriations act.

5 (c) For the purposes of this subsection (11), "commercial
6 airplane" and "component" have the same meanings as provided in RCW
7 82.32.550.

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

12 (e) This subsection (11) does not apply on and after July 1, 2024.

13 (12)(a) Until July 1, 2024, upon every person engaging within this
14 state in the business of extracting timber or extracting for hire
15 timber; as to such persons the amount of tax with respect to the
16 business is, in the case of extractors, equal to the value of
17 products, including by-products, extracted, or in the case of
18 extractors for hire, equal to the gross income of the business,
19 multiplied by the rate of 0.4235 percent from July 1, 2006, through
20 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
21 2024.

22 (b) Until July 1, 2024, upon every person engaging within this
23 state in the business of manufacturing or processing for hire: (i)
24 Timber into timber products or wood products; or (ii) timber products
25 into other timber products or wood products; as to such persons the
26 amount of the tax with respect to the business is, in the case of
27 manufacturers, equal to the value of products, including by-products,
28 manufactured, or in the case of processors for hire, equal to the
29 gross income of the business, multiplied by the rate of 0.4235 percent
30 from July 1, 2006, through June 30, 2007, and 0.2904 percent from July
31 1, 2007, through June 30, 2024.

32 (c) Until July 1, 2024, upon every person engaging within this
33 state in the business of selling at wholesale: (i) Timber extracted
34 by that person; (ii) timber products manufactured by that person from

1 timber or other timber products; or (iii) wood products manufactured
2 by that person from timber or timber products; as to such persons the
3 amount of the tax with respect to the business is equal to the gross
4 proceeds of sales of the timber, timber products, or wood products
5 multiplied by the rate of 0.4235 percent from July 1, 2006, through
6 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
7 2024.

8 (d) Until July 1, 2024, 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 percent.
12 For purposes of this subsection (12)(d), "selling standing timber"
13 means the sale of timber apart from the land, where the buyer is
14 required to sever the timber within thirty months from the date of the
15 original contract, regardless of the method of payment for the timber
16 and whether title to the timber transfers before, upon, or after
17 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 medium;
31 and related types of cellulosic products containing primarily, by
32 weight or volume, cellulosic materials. "Paper and paper products"
33 does not include books, newspapers, magazines, periodicals, and other
34

1 printed publications, advertising materials, calendars, and similar
2 types of printed materials.

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

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

12 (v) "Timber products" means:

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

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

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

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

24 (f) Except for small harvesters as defined in RCW 84.33.035, a
25 person reporting under the tax rate provided in this subsection (12)
26 must file a complete annual survey with the department under RCW
27 82.32.585.

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

33 (14)(a) Upon every person engaging within this state in the
34 business of printing a newspaper, publishing a newspaper, or both, the

1 amount of tax on such business is equal to the gross income of the
2 business multiplied by the rate of 0.2904 percent.

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

6
7 NEW SECTION. **Sec. 8.** If specific funding for the purposes of this
8 act is provided by June 30, 2011, in the omnibus appropriations act,
9 the higher education coordinating board may not expend funds for
10 student loans and for costs associated with program administration
11 that exceed the amount of tax collected at the rates established under
12 RCW 80.04.260(11)(a)(ii)(B) and (b)(ii)."

13
14 Renumber the remaining section consecutively and correct any
15 internal references accordingly.

16
17 Correct the title.

18
19

EFFECT: Provides that, if the 2011-13 operating budget provides funding for the aerospace training student loan program, the B&O tax rate paid by persons engaging in the business of manufacturing commercial airplanes or the business of manufacturing tooling for use in manufacturing commercial airplanes is increased by an additional rate of 0.0096 percent beginning October 1, 2011, for the purposes of the loan program.

Specifies that, if the 2011-13 operating budget provides funding for the aerospace training student loan program, the Higher Education Coordinating Board may not expend funds for student loans and administrative costs that exceed the amount of tax collected for the loan program.

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