
HOUSE BILL 2054

State of Washington 62nd Legislature 2011 Regular Session

By Representatives Hasegawa, Appleton, and Ryu

Read first time 04/07/11. Referred to Committee on Ways & Means.

1 AN ACT Relating to taxpayer accountability by requiring a net
2 benefit to the state in order to claim the benefit of a tax expenditure
3 and strengthening reporting and enforcement; and amending RCW
4 82.04.260, 82.04.4494, 82.08.956, 82.12.956, 82.32.585, and 82.32.534.

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

6 **Sec. 1.** RCW 82.04.260 and 2011 c 2 s 203 (Initiative Measure No.
7 1107) are each amended to read as follows:

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

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

16 (b) Beginning July 1, 2012, seafood products that remain in a raw,
17 raw frozen, or raw salted state at the completion of the manufacturing
18 by that person; or selling manufactured seafood products that remain in
19 a raw, raw frozen, or raw salted state at the completion of the

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

9 (c) Beginning July 1, 2012, dairy products that as of September 20,
10 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,
11 including by-products from the manufacturing of the dairy products such
12 as whey and casein; or selling the same to purchasers who transport in
13 the ordinary course of business the goods out of state; as to such
14 persons the tax imposed is equal to the value of the products
15 manufactured or the gross proceeds derived from such sales multiplied
16 by the rate of 0.138 percent. Sellers must keep and preserve records
17 for the period required by RCW 82.32.070 establishing that the goods
18 were transported by the purchaser in the ordinary course of business
19 out of this state;

20 (d) Beginning July 1, 2012, fruits or vegetables by canning,
21 preserving, freezing, processing, or dehydrating fresh fruits or
22 vegetables, or selling at wholesale fruits or vegetables manufactured
23 by the seller by canning, preserving, freezing, processing, or
24 dehydrating fresh fruits or vegetables and sold to purchasers who
25 transport in the ordinary course of business the goods out of this
26 state; as to such persons the amount of tax with respect to such
27 business is equal to the value of the products manufactured or the
28 gross proceeds derived from such sales multiplied by the rate of 0.138
29 percent. Sellers must keep and preserve records for the period
30 required by RCW 82.32.070 establishing that the goods were transported
31 by the purchaser in the ordinary course of business out of this state;

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

37 (f)(i) Wood biomass fuel as defined in RCW 82.29A.135; as to such

1 persons the amount of tax with respect to the business is equal to the
2 value of wood biomass fuel manufactured, multiplied by the rate of
3 0.138 percent.

4 (ii) A person reporting under the tax rate provided in this
5 subsection (1)(f) must file a complete annual survey with the
6 department under RCW 82.32.585.

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

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

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

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

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

33 (7) Upon every person engaging within this state in the business of
34 stevedoring and associated activities pertinent to the movement of
35 goods and commodities in waterborne interstate or foreign commerce; as
36 to such persons the amount of tax with respect to such business is
37 equal to the gross proceeds derived from such activities multiplied by
38 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 holding
9 or storage yard or area to await further movement in import or export
10 or may move to a consolidation freight station and be stuffed,
11 unstuffed, containerized, separated or otherwise segregated or
12 aggregated for delivery or loaded on any mode of transportation for
13 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) Upon every person engaging within this state in the business of
25 disposing of low-level waste, as defined in RCW 43.145.010; as to such
26 persons the amount of the tax with respect to such business is equal to
27 the gross income of the business, excluding any fees imposed under
28 chapter 43.200 RCW, multiplied by the rate of 3.3 percent.

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

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

1 (10) Upon every person engaging within this state in business as a
2 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 multiplied
6 by the rate of 0.75 percent through June 30, 1995, and 1.5 percent
7 thereafter.

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

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

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

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

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

32 (d) In addition to all other requirements under this title, a
33 person reporting under the tax rate provided in this subsection (11)
34 must file a complete annual report with the department under RCW
35 82.32.534.

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

37 (12)(a) Until July 1, 2024, upon every person engaging within this
38 state in the business of extracting timber or extracting for hire

1 timber; as to such persons the amount of tax with respect to the
2 business is, in the case of extractors, equal to the value of products,
3 including by-products, extracted, or in the case of extractors for
4 hire, equal to the gross income of the business, multiplied by the rate
5 of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904
6 percent from July 1, 2007, through June 30, 2024.

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

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

27 (d) Until July 1, 2024, upon every person engaging within this
28 state in the business of selling standing timber; as to such persons
29 the amount of the tax with respect to the business is equal to the
30 gross income of the business multiplied by the rate of 0.2904 percent.
31 For purposes of this subsection (12)(d), "selling standing timber"
32 means the sale of timber apart from the land, where the buyer is
33 required to sever the timber within thirty months from the date of the
34 original contract, regardless of the method of payment for the timber
35 and whether title to the timber transfers before, upon, or after
36 severance.

37 (e) For purposes of this subsection, the following definitions
38 apply:

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

4 (ii) "Paper and paper products" means products made of interwoven
5 cellulosic fibers held together largely by hydrogen bonding. "Paper
6 and paper products" includes newsprint; office, printing, fine, and
7 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
8 kraft bag, construction, and other kraft industrial papers; paperboard,
9 liquid packaging containers, containerboard, corrugated, and solid-
10 fiber containers including linerboard and corrugated medium; and
11 related types of cellulosic products containing primarily, by weight or
12 volume, cellulosic materials. "Paper and paper products" does not
13 include books, newspapers, magazines, periodicals, and other printed
14 publications, advertising materials, calendars, and similar types of
15 printed materials.

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

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

25 (v) "Timber products" means:

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

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

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

33 (vi) "Wood products" means paper and paper products; dimensional
34 lumber; engineered wood products such as particleboard, oriented strand
35 board, medium density fiberboard, and plywood; wood doors; wood
36 windows; and biocomposite surface products.

37 (f) Except for small harvesters as defined in RCW 84.33.035, a

1 person reporting under the tax rate provided in this subsection (12)
2 must file a complete annual survey with the department under RCW
3 82.32.585.

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

9 (14)(a) Upon every person engaging within this state in the
10 business of printing a newspaper, publishing a newspaper, or both, the
11 amount of tax on such business is equal to the gross income of the
12 business multiplied by the rate of 0.2904 percent.

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

16 **Sec. 2.** RCW 82.04.4494 and 2009 c 469 s 401 are each amended to
17 read as follows:

18 (1) In computing the tax imposed under this chapter, harvesters are
19 allowed a credit against the amount of tax otherwise due under this
20 chapter, as provided in this section. The credit per harvested green
21 ton of forest derived biomass sold, transferred, or used for production
22 of electricity, steam, heat, or biofuel is as follows:

23 (a) For forest derived biomass harvested October 1, 2009, through
24 June 30, 2010, zero dollars;

25 (b) For forest derived biomass harvested July 1, 2010, through June
26 30, 2013, three dollars;

27 (c) For forest derived biomass harvested July 1, 2013, through June
28 30, 2015, five dollars.

29 (2) Credit may not be claimed for forest derived biomass sold,
30 transferred, or used before July 1, 2009. The amount of credit allowed
31 for a reporting period may not exceed the tax otherwise due under this
32 chapter for that reporting period. Any unused excess credit in a
33 reporting period may be carried forward to future reporting periods for
34 a maximum of two years.

35 (3) For the purposes of this section, "harvested" and "harvesters"
36 are defined in RCW 84.33.035, and "biofuel" is defined in RCW
37 43.325.010.

1 (4) A person claiming the tax credit provided in this section must
2 file a complete annual survey with the department under RCW 82.32.585.

3 (5) This section expires June 30, 2015.

4 **Sec. 3.** RCW 82.08.956 and 2009 c 469 s 301 are each amended to
5 read as follows:

6 (1) The tax levied by RCW 82.08.020 does not apply to sales of hog
7 fuel used to produce electricity, steam, heat, or biofuel. This
8 exemption is available only if the buyer provides the seller with an
9 exemption certificate in a form and manner prescribed by the
10 department. The seller must retain a copy of the certificate for the
11 seller's files.

12 (2) For the purposes of this section the following definitions
13 apply:

14 (a) "Hog fuel" means wood waste and other wood residuals including
15 forest derived biomass. "Hog fuel" does not include firewood or wood
16 pellets; and

17 (b) "Biofuel" has the same meaning as provided in RCW 43.325.010.

18 (3) A person claiming the tax credit provided in this section must
19 file a complete annual survey with the department under RCW 82.32.585.

20 (4) This section expires June 30, 2013.

21 **Sec. 4.** RCW 82.12.956 and 2009 c 469 s 302 are each amended to
22 read as follows:

23 (1) The provisions of this chapter do not apply with respect to the
24 use of hog fuel for production of electricity, steam, heat, or biofuel.

25 (2) For the purposes of this section:

26 (a) "Hog fuel" has the same meaning as provided in RCW 82.08.956;
27 and

28 (b) "Biofuel" has the same meaning as provided in RCW 43.325.010.

29 (3) A person claiming the tax credit provided in this section must
30 file a complete annual survey with the department under RCW 82.32.585.

31 (4) This section expires June 30, 2013.

32 **Sec. 5.** RCW 82.32.585 and 2010 c 114 s 102 are each amended to
33 read as follows:

34 (1)(a) Every person claiming a tax ((preference)) expenditure that

1 requires a survey under this section must file a complete annual survey
2 with the department.

3 (i) Except as provided in (a)(ii) of this subsection, the survey is
4 due by April 30th of the year following any calendar year in which a
5 person becomes eligible to claim the tax ((~~preference~~)) expenditure
6 that requires a survey under this section.

7 (ii) If the tax ((~~preference~~)) expenditure is a deferral of tax,
8 the first survey must be filed by April 30th of the calendar year
9 following the calendar year in which the investment project is
10 certified by the department as operationally complete, and a survey
11 must be filed by April 30th of each of the seven succeeding calendar
12 years.

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

15 (2)(a) The survey must include the amount of the tax ((~~preference~~))
16 expenditure claimed for the calendar year covered by the survey.

17 (b) The survey must also include the following information for
18 employment positions in Washington, not to include names of employees,
19 for the year that the tax ((~~preference~~)) expenditure was claimed:

20 (i) The number of total employment positions;
21 (ii) Full-time, part-time, and temporary employment positions as a
22 percent of total employment;

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

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

30 (c) For persons claiming the tax ((~~preference~~)) expenditure
31 provided under chapter 82.60 or 82.63 RCW, the survey must also include
32 the number of new products or research projects by general
33 classification, and the number of trademarks, patents, and copyrights
34 associated with activities at the investment project.

35 (d) For persons claiming the credit provided under RCW 82.04.4452,
36 the survey must also include the qualified research and development
37 expenditures during the calendar year for which the credit was claimed,
38 the taxable amount during the calendar year for which the credit was

1 claimed, the number of new products or research projects by general
2 classification, the number of trademarks, patents, and copyrights
3 associated with the research and development activities for which the
4 credit was claimed, and whether the tax ((~~preference~~)) expenditure has
5 been assigned, and who assigned the credit. The definitions in RCW
6 82.04.4452 apply to this subsection (2)(d).

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

13 (3) As part of the annual survey, the department may request
14 additional information necessary to measure the results of, or
15 determine eligibility for, the tax ((~~preference~~)) expenditure.

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

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

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

1 benefits of the deferral are passed to a lessee, the lessee is
2 responsible for payment to the extent the lessee has received the
3 economic benefit.

4 (b)(i) If a person claims a tax expenditure that does not produce
5 a net benefit to the state each year, the department must declare the
6 amount of the tax expenditure claimed for the previous calendar year to
7 be immediately due and payable.

8 (ii) The amount otherwise due and payable under (b)(i) of this
9 subsection may be waived if the failure to produce a net benefit to the
10 state was the result of circumstances beyond the control of the
11 taxpayer.

12 (iii) If the tax expenditure is a deferral of tax, twelve and
13 one-half percent of the deferred tax is immediately due.

14 (iv) If the economic benefits of the deferral are passed to a
15 lessee, the lessee is responsible for payment to the extent the lessee
16 has received the economic benefit.

17 (c) The department must assess interest, but not penalties, on the
18 amounts due under this subsection. The interest must be assessed at
19 the rate provided for delinquent taxes under this chapter,
20 retroactively to the date the tax ((preference)) expenditure was
21 claimed, and accrues until the taxes for which the tax ((preference))
22 expenditure was claimed are repaid. Amounts due under this subsection
23 are not subject to the confidentiality provisions of RCW 82.32.330 and
24 may be disclosed to the public upon request.

25 (7) The department must use the information from this section to
26 determine the net benefit to the state of any individual's tax
27 expenditure for purposes of subsection (6)(b) of this section.

28 (8) The department must use the information from this section to
29 prepare summary descriptive statistics by category. No fewer than
30 three taxpayers may be included in any category. The department must
31 report these statistics to the legislature each year by October 1st.

32 ~~((+8))~~ (9) For the purposes of this section:

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

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

1 (c) "Net benefit to the state" means the amount of economic benefit
2 to the state in jobs created or retained, if the stated legislative
3 intent of the tax expenditure was job creation or retention, plus the
4 amount of increased economic activity directly related to the tax
5 expenditure claimed, measured by the amount of taxes paid by the
6 increased economic activity claimed, minus the annual amount of
7 taxpayer savings.

8 (i) For purposes of this subsection (9)(c), the amount of economic
9 benefit to the state in jobs created or retained must be measured by
10 state and local taxes paid by an employee, which must be calculated as
11 a percentage of the annual wage for each employment position as
12 follows:

13 (A) For an annual wage of less than twenty thousand dollars, the
14 percentage is 17.3 percent;

15 (B) For an annual wage of more than twenty thousand dollars and
16 less than thirty-seven thousand dollars, the percentage is 12.7
17 percent;

18 (C) For an annual wage of more than thirty-seven thousand dollars
19 and less than sixty-two thousand dollars, the percentage is 11.2
20 percent;

21 (D) For an annual wage of more than sixty-two thousand dollars and
22 less than ninety-nine thousand dollars, the percentage is 9.5 percent;
23 and

24 (E) For an annual wage of more than ninety-nine thousand dollars,
25 the percentage is 7.6 percent.

26 (ii) For purposes of this subsection (9)(c), the amount of
27 increased economic activity directly related to the tax expenditure
28 claimed must be measured by the increased taxes paid by the taxpayer
29 annually on the activity directly related to the tax expenditure minus
30 the annual amount of taxpayer savings.

31 **Sec. 6.** RCW 82.32.534 and 2010 c 114 s 103 are each amended to
32 read as follows:

33 (1)(a) Every person claiming a tax ((preference)) expenditure that
34 requires a report under this section must file a complete annual report
35 with the department. The report is due by April 30th of the year
36 following any calendar year in which a person becomes eligible to claim

1 the tax ((~~preference~~)) expenditure that requires a report under this
2 section. The department may extend the due date for timely filing of
3 annual reports under this section as provided in RCW 82.32.590.

4 (b) The report must include information detailing employment,
5 wages, and employer-provided health and retirement benefits for
6 employment positions in Washington for the year that the tax
7 ((~~preference~~)) expenditure was claimed. However, persons engaged in
8 manufacturing commercial airplanes or components of such airplanes may
9 report employment, wage, and benefit information per job at the
10 manufacturing site for the year that the tax ((~~preference~~)) expenditure
11 was claimed. The report must not include names of employees. The
12 report must also detail employment by the total number of full-time,
13 part-time, and temporary positions for the year that the tax
14 ((~~preference~~)) expenditure was claimed.

15 (c) Persons receiving the benefit of the tax ((~~preference~~))
16 expenditure provided by RCW 82.16.0421 or claiming any of the tax
17 ((~~preferences~~)) expenditures provided by RCW 82.04.2909, 82.04.4481,
18 82.08.805, 82.12.805, or 82.12.022(5) must indicate on the annual
19 report the quantity of product produced in this state during the time
20 period covered by the report.

21 (d) If a person filing a report under this section did not file a
22 report with the department in the previous calendar year, the report
23 filed under this section must also include employment, wage, and
24 benefit information for the calendar year immediately preceding the
25 calendar year for which a tax ((~~preference~~)) expenditure was claimed.

26 (2) As part of the annual report, the department may request
27 additional information necessary to measure the results of, or
28 determine eligibility for, the tax ((~~preference~~)) expenditure.

29 (3) Other than information requested under subsection (2) of this
30 section, the information contained in an annual report filed under this
31 section is not subject to the confidentiality provisions of RCW
32 82.32.330 and may be disclosed to the public upon request.

33 (4)(a) Except as otherwise provided by law, if a person claims a
34 tax ((~~preference~~)) expenditure that requires an annual report under
35 this section but fails to submit a complete report by the due date or
36 any extension under RCW 82.32.590, the department must declare the
37 amount of the tax ((~~preference~~)) expenditure claimed for the previous
38 calendar year to be immediately due and payable.

1 (b)(i) If a person claims a tax expenditure that does not produce
2 a net benefit to the state each year, the department must declare the
3 amount of the tax expenditure claimed for the previous calendar year to
4 be immediately due and payable.

5 (ii) The amount otherwise due and payable under (b)(i) of this
6 subsection may be waived if the failure to produce a net benefit to the
7 state was the result of circumstances beyond the control of the
8 taxpayer.

9 (c) The department must assess interest, but not penalties, on the
10 amounts due under this subsection. The interest must be assessed at
11 the rate provided for delinquent taxes under this chapter,
12 retroactively to the date the tax ((preference)) expenditure was
13 claimed, and accrues until the taxes for which the tax ((preference))
14 expenditure was claimed are repaid. Amounts due under this subsection
15 are not subject to the confidentiality provisions of RCW 82.32.330 and
16 may be disclosed to the public upon request.

17 (5) The department must use the information from this section to
18 determine the net benefit to the state of any individual's tax
19 expenditure for purposes of subsection (4)(b) of this section.

20 (6) The department must use the information from this section to
21 prepare summary descriptive statistics by category. No fewer than
22 three taxpayers may be included in any category. The department must
23 report these statistics to the legislature each year by October 1st.

24 ~~((+6))~~ (7) For the purposes of this section:

25 (a) "Net benefit to the state" has the same meaning as provided in
26 RCW 82.32.585.

27 (b) "Person" has the meaning provided in RCW 82.04.030 and also
28 includes the state and its departments and institutions.

29 ~~((+b))~~ (c) "Tax ((preference)) expenditure" has the meaning
30 ~~((provided))~~ as "tax preference" in RCW 43.136.021 and includes only
31 the tax ~~((preferences))~~ expenditures requiring a survey under this
32 section.

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