
SECOND SUBSTITUTE SENATE BILL 5534

State of Washington

62nd Legislature

2012 Regular Session

By Senate Ways & Means (originally sponsored by Senators Murray, Zarelli, and Kohl-Welles)

READ FIRST TIME 02/24/12.

1 AN ACT Relating to the business and occupation taxation of
2 newspapers; amending RCW 82.04.214 and 82.04.260; and providing an
3 effective date.

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

5 **Sec. 1.** RCW 82.04.214 and 2008 c 273 s 1 are each amended to read
6 as follows:

7 (1)((~~(a) Until June 30, 2011,~~)) "Newspaper" means:

8 ((~~(i)~~)) (a) A publication issued regularly at stated intervals at
9 least twice a month and printed on newsprint in tabloid or broadsheet
10 format folded loosely together without stapling, glue, or any other
11 binding of any kind, including any supplement of a printed newspaper;
12 and

13 ((~~(ii)~~)) (b) An electronic version of a printed newspaper that:

14 ((~~(A)~~)) (i) Shares content with the printed newspaper; and

15 ((~~(B)~~)) (ii) Is prominently identified by the same name as the
16 printed newspaper or otherwise conspicuously indicates that it is a
17 complement to the printed newspaper.

18 ((~~(b)~~)) (2) For purposes of this section, "supplement" means a

1 printed publication, including a magazine or advertising section, that
2 is:

3 ((+i+)) (a) Labeled and identified as part of the printed
4 newspaper; and

5 ((+ii+)) (b) Circulated or distributed:

6 ((+A+)) (i) As an insert or attachment to the printed newspaper; or

7 ((+B+)) (ii) Separate and apart from the printed newspaper so long
8 as the distribution is within the general circulation area of the
9 newspaper.

10 ~~((+2) Beginning July 1, 2011, "newspaper" means a publication
11 issued regularly at stated intervals at least twice a month and printed
12 on newsprint in tabloid or broadsheet format folded loosely together
13 without stapling, glue, or any other binding of any kind, including any
14 supplement of a printed newspaper as defined in subsection (1)(b) of
15 this section.))~~

16 **Sec. 2.** RCW 82.04.260 and 2011 c 2 s 203 (Initiative Measure No.
17 1107) are each amended to read as follows:

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

20 (a) Wheat into flour, barley into pearl barley, soybeans into
21 soybean oil, canola into canola oil, canola meal, or canola by-
22 products, or sunflower seeds into sunflower oil; as to such persons the
23 amount of tax with respect to such business is equal to the value of
24 the flour, pearl barley, oil, canola meal, or canola by-product
25 manufactured, multiplied by the rate of 0.138 percent;

26 (b) Beginning July 1, 2012, seafood products that remain in a raw,
27 raw frozen, or raw salted state at the completion of the manufacturing
28 by that person; or selling manufactured seafood products that remain in
29 a raw, raw frozen, or raw salted state at the completion of the
30 manufacturing, to purchasers who transport in the ordinary course of
31 business the goods out of this state; as to such persons the amount of
32 tax with respect to such business is equal to the value of the products
33 manufactured or the gross proceeds derived from such sales, multiplied
34 by the rate of 0.138 percent. Sellers must keep and preserve records
35 for the period required by RCW 82.32.070 establishing that the goods
36 were transported by the purchaser in the ordinary course of business
37 out of this state;

1 (c) Beginning July 1, 2012, dairy products that as of September 20,
2 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,
3 including by-products from the manufacturing of the dairy products such
4 as whey and casein; or selling the same to purchasers who transport in
5 the ordinary course of business the goods out of state; as to such
6 persons the tax imposed is equal to the value of the products
7 manufactured or the gross proceeds derived from such sales multiplied
8 by the rate of 0.138 percent. Sellers must keep and preserve records
9 for the period required by RCW 82.32.070 establishing that the goods
10 were transported by the purchaser in the ordinary course of business
11 out of this state;

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

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

29 (f) Wood biomass fuel as defined in RCW 82.29A.135; as to such
30 persons the amount of tax with respect to the business is equal to the
31 value of wood biomass fuel manufactured, multiplied by the rate of
32 0.138 percent.

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

37 (3) Upon every nonprofit corporation and nonprofit association
38 engaging within this state in research and development, as to such

1 corporations and associations, the amount of tax with respect to such
2 activities is equal to the gross income derived from such activities
3 multiplied by the rate of 0.484 percent.

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

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

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

21 (7) Upon every person engaging within this state in the business of
22 stevedoring and associated activities pertinent to the movement of
23 goods and commodities in waterborne interstate or foreign commerce; as
24 to such persons the amount of tax with respect to such business is
25 equal to the gross proceeds derived from such activities multiplied by
26 the rate of 0.275 percent. Persons subject to taxation under this
27 subsection are exempt from payment of taxes imposed by chapter 82.16
28 RCW for that portion of their business subject to taxation under this
29 subsection. Stevedoring and associated activities pertinent to the
30 conduct of goods and commodities in waterborne interstate or foreign
31 commerce are defined as all activities of a labor, service or
32 transportation nature whereby cargo may be loaded or unloaded to or
33 from vessels or barges, passing over, onto or under a wharf, pier, or
34 similar structure; cargo may be moved to a warehouse or similar holding
35 or storage yard or area to await further movement in import or export
36 or may move to a consolidation freight station and be stuffed,
37 unstuffed, containerized, separated or otherwise segregated or
38 aggregated for delivery or loaded on any mode of transportation for

1 delivery to its consignee. Specific activities included in this
2 definition are: Wharfage, handling, loading, unloading, moving of
3 cargo to a convenient place of delivery to the consignee or a
4 convenient place for further movement to export mode; documentation
5 services in connection with the receipt, delivery, checking, care,
6 custody and control of cargo required in the transfer of cargo;
7 imported automobile handling prior to delivery to consignee; terminal
8 stevedoring and incidental vessel services, including but not limited
9 to plugging and unplugging refrigerator service to containers,
10 trailers, and other refrigerated cargo receptacles, and securing ship
11 hatch covers.

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

17 If the gross income of the taxpayer is attributable to activities
18 both within and without this state, the gross income attributable to
19 this state must be determined in accordance with the methods of
20 apportionment required under RCW 82.04.460.

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

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

34 (11)(a) Beginning October 1, 2005, upon every person engaging
35 within this state in the business of manufacturing commercial
36 airplanes, or components of such airplanes, or making sales, at retail
37 or wholesale, of commercial airplanes or components of such airplanes,
38 manufactured by the seller, as to such persons the amount of tax with

1 respect to such business is, in the case of manufacturers, equal to the
2 value of the product manufactured and the gross proceeds of sales of
3 the product manufactured, or in the case of processors for hire, equal
4 to the gross income of the business, multiplied by the rate of:

- 5 (i) 0.4235 percent from October 1, 2005, through June 30, 2007; and
- 6 (ii) 0.2904 percent beginning July 1, 2007.

7 (b) Beginning July 1, 2008, upon every person who is not eligible
8 to report under the provisions of (a) of this subsection (11) and is
9 engaging within this state in the business of manufacturing tooling
10 specifically designed for use in manufacturing commercial airplanes or
11 components of such airplanes, or making sales, at retail or wholesale,
12 of such tooling 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 of
16 processors for hire, be equal to the gross income of the business,
17 multiplied by the rate of 0.2904 percent.

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

20 (d) In addition to all other requirements under this title, a
21 person reporting under the tax rate provided in this subsection (11)
22 must file a complete annual report with the department under RCW
23 82.32.534.

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

25 (12)(a) Until July 1, 2024, upon every person engaging within this
26 state in the business of extracting timber or extracting for hire
27 timber; as to such persons the amount of tax with respect to the
28 business is, in the case of extractors, equal to the value of products,
29 including by-products, extracted, or in the case of extractors for
30 hire, equal to the gross income of the business, multiplied by the rate
31 of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904
32 percent from July 1, 2007, through June 30, 2024.

33 (b) Until July 1, 2024, upon every person engaging within this
34 state in the business of manufacturing or processing for hire: (i)
35 Timber into timber products or wood products; or (ii) timber products
36 into other timber products or wood products; as to such persons the
37 amount of the tax with respect to the business is, in the case of
38 manufacturers, equal to the value of products, including by-products,

1 manufactured, or in the case of processors for hire, equal to the gross
2 income of the business, multiplied by the rate of 0.4235 percent from
3 July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1,
4 2007, through June 30, 2024.

5 (c) Until July 1, 2024, upon every person engaging within this
6 state in the business of selling at wholesale: (i) Timber extracted by
7 that person; (ii) timber products manufactured by that person from
8 timber or other timber products; or (iii) wood products manufactured by
9 that person from timber or timber products; as to such persons the
10 amount of the tax with respect to the business is equal to the gross
11 proceeds of sales of the timber, timber products, or wood products
12 multiplied by the rate of 0.4235 percent from July 1, 2006, through
13 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
14 2024.

15 (d) Until July 1, 2024, upon every person engaging within this
16 state in the business of selling standing timber; as to such persons
17 the amount of the tax with respect to the business is equal to the
18 gross income of the business multiplied by the rate of 0.2904 percent.
19 For purposes of this subsection (12)(d), "selling standing timber"
20 means the sale of timber apart from the land, where the buyer is
21 required to sever the timber within thirty months from the date of the
22 original contract, regardless of the method of payment for the timber
23 and whether title to the timber transfers before, upon, or after
24 severance.

25 (e) For purposes of this subsection, the following definitions
26 apply:

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

30 (ii) "Paper and paper products" means products made of interwoven
31 cellulosic fibers held together largely by hydrogen bonding. "Paper
32 and paper products" includes newsprint; office, printing, fine, and
33 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
34 kraft bag, construction, and other kraft industrial papers; paperboard,
35 liquid packaging containers, containerboard, corrugated, and solid-
36 fiber containers including linerboard and corrugated medium; and
37 related types of cellulosic products containing primarily, by weight or
38 volume, cellulosic materials. "Paper and paper products" does not

1 include books, newspapers, magazines, periodicals, and other printed
2 publications, advertising materials, calendars, and similar types of
3 printed materials.

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

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

13 (v) "Timber products" means:

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

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

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

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

25 (f) Except for small harvesters as defined in RCW 84.33.035, a
26 person reporting under the tax rate provided in this subsection (12)
27 must file a complete annual survey with the department under RCW
28 82.32.585.

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

34 (14)(a) Upon every person engaging within this state in the
35 business of printing a newspaper, publishing a newspaper, or both, the
36 amount of tax on such business is equal to the gross income of the
37 business multiplied by the rate of (~~0.2904~~) 0.365 percent through

1 June 30, 2013, and beginning July 1, 2013, multiplied by the rate of
2 0.35 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 NEW SECTION. **Sec. 3.** This act takes effect July 1, 2012.

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