
SUBSTITUTE SENATE BILL 5561

State of Washington

63rd Legislature

2013 Regular Session

By Senate Ways & Means (originally sponsored by Senators Hatfield, Schoesler, Harper, Honeyford, and Shin)

READ FIRST TIME 03/01/13.

1 AN ACT Relating to the business and occupation taxation of dairy
2 products; amending RCW 82.04.260 and 82.04.4268; reenacting and
3 amending RCW 82.04.260; providing an effective date; and providing an
4 expiration date.

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

6 **Sec. 1.** RCW 82.04.260 and 2012 2nd sp.s. c 6 s 602 and 2012 2nd
7 sp.s. c 6 s 204 are each reenacted and 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, 2015, 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)(i) Beginning July 1, 2015, dairy products (~~that as of~~
10 ~~September 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131,~~
11 ~~133, and 135, including by products from the manufacturing of the dairy~~
12 ~~products such as whey and casein; or selling the same~~); or selling
13 dairy products that the person has manufactured to purchasers who
14 either transport in the ordinary course of business the goods out of
15 state or purchasers who use such dairy products as an ingredient or
16 component in the manufacturing of a dairy product; as to such persons
17 the tax imposed is equal to the value of the products manufactured or
18 the gross proceeds derived from such sales multiplied by the rate of
19 0.138 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 or sold to a manufacturer for use as an ingredient or component in the
23 manufacturing of a dairy product.

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

26 (A) Products that as of September 20, 2001, are identified in 21
27 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from
28 the manufacturing of the dairy products, such as whey and casein; and

29 (B) Products comprised of not less than seventy percent dairy
30 products that qualify under (c)(ii)(A) of this subsection, measured by
31 weight or volume;

32 (d) Beginning July 1, 2015, fruits or vegetables by canning,
33 preserving, freezing, processing, or dehydrating fresh fruits or
34 vegetables, or selling at wholesale fruits or vegetables manufactured
35 by the seller by canning, preserving, freezing, processing, or
36 dehydrating fresh fruits or vegetables and sold to purchasers who
37 transport in the ordinary course of business the goods out of this
38 state; as to such persons the amount of tax with respect to such

1 business is equal to the value of the products manufactured or the
2 gross proceeds derived from such sales multiplied by the rate of 0.138
3 percent. Sellers must keep and preserve records for the period
4 required by RCW 82.32.070 establishing that the goods were transported
5 by the purchaser in the ordinary course of business out of this state;

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

11 (f) Wood biomass fuel as defined in RCW 82.29A.135; as to such
12 persons the amount of tax with respect to the business is equal to the
13 value of wood biomass fuel manufactured, multiplied by the rate of
14 0.138 percent.

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

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

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

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

34 (6) Upon every person engaging within this state in business as an
35 international steamship agent, international customs house broker,
36 international freight forwarder, vessel and/or cargo charter broker in
37 foreign commerce, and/or international air cargo agent; as to such

1 persons the amount of the tax with respect to only international
2 activities is equal to the gross income derived from such activities
3 multiplied by the rate of 0.275 percent.

4 (7) Upon every person engaging within this state in the business of
5 stevedoring and associated activities pertinent to the movement of
6 goods and commodities in waterborne interstate or foreign commerce; as
7 to such persons the amount of tax with respect to such business is
8 equal to the gross proceeds derived from such activities multiplied by
9 the rate of 0.275 percent. Persons subject to taxation under this
10 subsection are exempt from payment of taxes imposed by chapter 82.16
11 RCW for that portion of their business subject to taxation under this
12 subsection. Stevedoring and associated activities pertinent to the
13 conduct of goods and commodities in waterborne interstate or foreign
14 commerce are defined as all activities of a labor, service or
15 transportation nature whereby cargo may be loaded or unloaded to or
16 from vessels or barges, passing over, onto or under a wharf, pier, or
17 similar structure; cargo may be moved to a warehouse or similar holding
18 or storage yard or area to await further movement in import or export
19 or may move to a consolidation freight station and be stuffed,
20 unstuffed, containerized, separated or otherwise segregated or
21 aggregated for delivery or loaded on any mode of transportation for
22 delivery to its consignee. Specific activities included in this
23 definition are: Wharfage, handling, loading, unloading, moving of
24 cargo to a convenient place of delivery to the consignee or a
25 convenient place for further movement to export mode; documentation
26 services in connection with the receipt, delivery, checking, care,
27 custody and control of cargo required in the transfer of cargo;
28 imported automobile handling prior to delivery to consignee; terminal
29 stevedoring and incidental vessel services, including but not limited
30 to plugging and unplugging refrigerator service to containers,
31 trailers, and other refrigerated cargo receptacles, and securing ship
32 hatch covers.

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

1 If the gross income of the taxpayer is attributable to activities
2 both within and without this state, the gross income attributable to
3 this state must be determined in accordance with the methods of
4 apportionment required under RCW 82.04.460.

5 (9) Upon every person engaging within this state as an insurance
6 producer or title insurance agent licensed under chapter 48.17 RCW or
7 a surplus line broker licensed under chapter 48.15 RCW; as to such
8 persons, the amount of the tax with respect to such licensed activities
9 is equal to the gross income of such business multiplied by the rate of
10 0.484 percent.

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

18 (11)(a) Beginning October 1, 2005, upon every person engaging
19 within this state in the business of manufacturing commercial
20 airplanes, or components of such airplanes, or making sales, at retail
21 or wholesale, of commercial airplanes or components of such airplanes,
22 manufactured by the seller, as to such persons the amount of tax with
23 respect to such business is, in the case of manufacturers, equal to the
24 value of the product manufactured and the gross proceeds of sales of
25 the product manufactured, or in the case of processors for hire, equal
26 to the gross income of the business, multiplied by the rate of:

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

29 (b) Beginning July 1, 2008, upon every person who is not eligible
30 to report under the provisions of (a) of this subsection (11) and is
31 engaging within this state in the business of manufacturing tooling
32 specifically designed for use in manufacturing commercial airplanes or
33 components of such airplanes, or making sales, at retail or wholesale,
34 of such tooling manufactured by the seller, as to such persons the
35 amount of tax with respect to such business is, in the case of
36 manufacturers, equal to the value of the product manufactured and the
37 gross proceeds of sales of the product manufactured, or in the case of

1 processors for hire, be equal to the gross income of the business,
2 multiplied by the rate of 0.2904 percent.

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

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

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

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

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

28 (c) Until July 1, 2024, upon every person engaging within this
29 state in the business of selling at wholesale: (i) Timber extracted by
30 that person; (ii) timber products manufactured by that person from
31 timber or other timber products; or (iii) wood products manufactured by
32 that person from timber or timber products; as to such persons the
33 amount of the tax with respect to the business is equal to the gross
34 proceeds of sales of the timber, timber products, or wood products
35 multiplied by the rate of 0.4235 percent from July 1, 2006, through
36 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
37 2024.

1 (d) Until July 1, 2024, upon every person engaging within this
2 state in the business of selling standing timber; as to such persons
3 the amount of the tax with respect to the business is equal to the
4 gross income of the business multiplied by the rate of 0.2904 percent.
5 For purposes of this subsection (12)(d), "selling standing timber"
6 means the sale of timber apart from the land, where the buyer is
7 required to sever the timber within thirty months from the date of the
8 original contract, regardless of the method of payment for the timber
9 and whether title to the timber transfers before, upon, or after
10 severance.

11 (e) For purposes of this subsection, the following definitions
12 apply:

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

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

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

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

37 (v) "Timber products" means:

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

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

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

8 (vi) "Wood products" means paper and paper products; dimensional
9 lumber; engineered wood products such as particleboard, oriented strand
10 board, medium density fiberboard, and plywood; wood doors; wood
11 windows; and biocomposite surface products.

12 (f) Except for small harvesters as defined in RCW 84.33.035, a
13 person reporting under the tax rate provided in this subsection (12)
14 must file a complete annual survey with the department under RCW
15 82.32.585.

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

21 (14)(a) Upon every person engaging within this state in the
22 business of printing a newspaper, publishing a newspaper, or both, the
23 amount of tax on such business is equal to the gross income of the
24 business multiplied by the rate of 0.365 percent through June 30, 2013,
25 and beginning July 1, 2013, multiplied by the rate of 0.35 percent.

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

29 **Sec. 2.** RCW 82.04.260 and 2012 2nd sp.s. c 6 s 204 are each
30 amended to read as follows:

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

33 (a) Wheat into flour, barley into pearl barley, soybeans into
34 soybean oil, canola into canola oil, canola meal, or canola by-
35 products, or sunflower seeds into sunflower oil; as to such persons the
36 amount of tax with respect to such business is equal to the value of

1 the flour, pearl barley, oil, canola meal, or canola by-product
2 manufactured, multiplied by the rate of 0.138 percent;

3 (b) Beginning July 1, 2015, seafood products that remain in a raw,
4 raw frozen, or raw salted state at the completion of the manufacturing
5 by that person; or selling manufactured seafood products that remain in
6 a raw, raw frozen, or raw salted state at the completion of the
7 manufacturing, to purchasers who transport in the ordinary course of
8 business the goods out of this state; as to such persons the amount of
9 tax with respect to such business is equal to the value of the products
10 manufactured or the gross proceeds derived from such sales, multiplied
11 by the rate of 0.138 percent. Sellers must keep and preserve records
12 for the period required by RCW 82.32.070 establishing that the goods
13 were transported by the purchaser in the ordinary course of business
14 out of this state;

15 (c)(i) Beginning July 1, 2015, dairy products (~~that as of~~
16 ~~September 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131,~~
17 ~~133, and 135, including by-products from the manufacturing of the dairy~~
18 ~~products such as whey and casein; or selling the same)); or selling
19 dairy products that the person has manufactured to purchasers who
20 either transport in the ordinary course of business the goods out of
21 state or purchasers who use such dairy products as an ingredient or
22 component in the manufacturing of a dairy product; as to such persons
23 the tax imposed is equal to the value of the products manufactured or
24 the gross proceeds derived from such sales multiplied by the rate of
25 0.138 percent. Sellers must keep and preserve records for the period
26 required by RCW 82.32.070 establishing that the goods were transported
27 by the purchaser in the ordinary course of business out of this state
28 or sold to a manufacturer for use as an ingredient or component in the
29 manufacturing of a dairy product.~~

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

32 (A) Products that as of September 20, 2001, are identified in 21
33 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from
34 the manufacturing of the dairy products, such as whey and casein; and

35 (B) Products comprised of not less than seventy percent dairy
36 products that qualify under (c)(ii)(A) of this subsection, measured by
37 weight or volume;

1 (d) Beginning July 1, 2015, fruits or vegetables by canning,
2 preserving, freezing, processing, or dehydrating fresh fruits or
3 vegetables, or selling at wholesale fruits or vegetables manufactured
4 by the seller by canning, preserving, freezing, processing, or
5 dehydrating fresh fruits or vegetables and sold to purchasers who
6 transport in the ordinary course of business the goods out of this
7 state; as to such persons the amount of tax with respect to such
8 business is equal to the value of the products manufactured or the
9 gross proceeds derived from such sales multiplied by the rate of 0.138
10 percent. Sellers must keep and preserve records for the period
11 required by RCW 82.32.070 establishing that the goods were transported
12 by the purchaser in the ordinary course of business out of this state;

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

18 (f) Wood biomass fuel as defined in RCW 82.29A.135; as to such
19 persons the amount of tax with respect to the business is equal to the
20 value of wood biomass fuel manufactured, multiplied by the rate of
21 0.138 percent.

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

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

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

36 (5) Upon every person engaging within this state in the business of
37 acting as a travel agent or tour operator; as to such persons the

1 amount of the tax with respect to such activities is equal to the gross
2 income derived from such activities multiplied by the rate of 0.275
3 percent.

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

11 (7) Upon every person engaging within this state in the business of
12 stevedoring and associated activities pertinent to the movement of
13 goods and commodities in waterborne interstate or foreign commerce; as
14 to such persons the amount of tax with respect to such business is
15 equal to the gross proceeds derived from such activities multiplied by
16 the rate of 0.275 percent. Persons subject to taxation under this
17 subsection are exempt from payment of taxes imposed by chapter 82.16
18 RCW for that portion of their business subject to taxation under this
19 subsection. Stevedoring and associated activities pertinent to the
20 conduct of goods and commodities in waterborne interstate or foreign
21 commerce are defined as all activities of a labor, service or
22 transportation nature whereby cargo may be loaded or unloaded to or
23 from vessels or barges, passing over, onto or under a wharf, pier, or
24 similar structure; cargo may be moved to a warehouse or similar holding
25 or storage yard or area to await further movement in import or export
26 or may move to a consolidation freight station and be stuffed,
27 unstuffed, containerized, separated or otherwise segregated or
28 aggregated for delivery or loaded on any mode of transportation for
29 delivery to its consignee. Specific activities included in this
30 definition are: Wharfage, handling, loading, unloading, moving of
31 cargo to a convenient place of delivery to the consignee or a
32 convenient place for further movement to export mode; documentation
33 services in connection with the receipt, delivery, checking, care,
34 custody and control of cargo required in the transfer of cargo;
35 imported automobile handling prior to delivery to consignee; terminal
36 stevedoring and incidental vessel services, including but not limited
37 to plugging and unplugging refrigerator service to containers,

1 trailers, and other refrigerated cargo receptacles, and securing ship
2 hatch covers.

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

8 If the gross income of the taxpayer is attributable to activities
9 both within and without this state, the gross income attributable to
10 this state must be determined in accordance with the methods of
11 apportionment required under RCW 82.04.460.

12 (9) Upon every person engaging within this state as an insurance
13 producer or title insurance agent licensed under chapter 48.17 RCW or
14 a surplus line broker licensed under chapter 48.15 RCW; as to such
15 persons, the amount of the tax with respect to such licensed activities
16 is equal to the gross income of such business multiplied by the rate of
17 0.484 percent.

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

25 (11)(a) Beginning October 1, 2005, upon every person engaging
26 within this state in the business of manufacturing commercial
27 airplanes, or components of such airplanes, or making sales, at retail
28 or wholesale, of commercial airplanes or components of such airplanes,
29 manufactured by the seller, as to such persons the amount of tax with
30 respect to such business is, in the case of manufacturers, equal to the
31 value of the product manufactured and the gross proceeds of sales of
32 the product manufactured, or in the case of processors for hire, equal
33 to the gross income of the business, multiplied by the rate of:

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

36 (b) Beginning July 1, 2008, upon every person who is not eligible
37 to report under the provisions of (a) of this subsection (11) and is
38 engaging within this state in the business of manufacturing tooling

1 specifically designed for use in manufacturing commercial airplanes or
2 components of such airplanes, or making sales, at retail or wholesale,
3 of such tooling manufactured by the seller, as to such persons the
4 amount of tax with respect to such business is, in the case of
5 manufacturers, equal to the value of the product manufactured and the
6 gross proceeds of sales of the product manufactured, or in the case of
7 processors for hire, be equal to the gross income of the business,
8 multiplied by the rate of 0.2904 percent.

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

11 (d) In addition to all other requirements under this title, a
12 person reporting under the tax rate provided in this subsection (11)
13 must file a complete annual report with the department under RCW
14 82.32.534.

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

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

24 (b) Until July 1, 2024, upon every person engaging within this
25 state in the business of manufacturing or processing for hire: (i)
26 Timber into timber products or wood products; or (ii) timber products
27 into other timber products or wood products; as to such persons the
28 amount of the tax with respect to the business is, in the case of
29 manufacturers, equal to the value of products, including by-products,
30 manufactured, or in the case of processors for hire, equal to the gross
31 income of the business, multiplied by the rate of 0.4235 percent from
32 July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1,
33 2007, through June 30, 2024.

34 (c) Until July 1, 2024, upon every person engaging within this
35 state in the business of selling at wholesale: (i) Timber extracted by
36 that person; (ii) timber products manufactured by that person from
37 timber or other timber products; or (iii) wood products manufactured by
38 that person from timber or timber products; as to such persons the

1 amount of the tax with respect to the business is equal to the gross
2 proceeds of sales of the timber, timber products, or wood products
3 multiplied by the rate of 0.4235 percent from July 1, 2006, through
4 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
5 2024.

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

16 (e) For purposes of this subsection, the following definitions
17 apply:

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

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

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

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

5 (v) "Timber products" means:

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

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

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

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

17 (f) Except for small harvesters as defined in RCW 84.33.035, a
18 person reporting under the tax rate provided in this subsection (12)
19 must file a complete annual survey with the department under RCW
20 82.32.585.

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

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

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

33 **Sec. 3.** RCW 82.04.4268 and 2012 2nd sp.s. c 6 s 202 are each
34 amended to read as follows:

35 (1) This chapter does not apply to the value of products or the
36 gross proceeds of sales derived from:

37 (a) Manufacturing dairy products; or

1 (b) Selling ~~((manufactured dairy products to purchasers who~~
2 ~~transport in the ordinary course of business the goods out of this~~
3 ~~state))~~ dairy products manufactured by the seller to purchasers who
4 either transport in the ordinary course of business the goods out of
5 this state or purchasers who use such dairy products as an ingredient
6 or component in the manufacturing of a dairy product. A person taking
7 an exemption under this subsection (1)(b) must keep and preserve
8 records for the period required by RCW 82.32.070 establishing that the
9 goods were transported by the purchaser in the ordinary course of
10 business out of this state or sold to a manufacturer for use as an
11 ingredient or component in the manufacturing of a dairy product.

12 (2) "Dairy products" ~~((means dairy products that as of September~~
13 ~~20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and~~
14 ~~135, including byproducts from the manufacturing of the dairy products~~
15 ~~such as whey and casein))~~ has the same meaning as provided in RCW
16 82.04.260.

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

19 (4) This section expires July 1, 2015.

20 NEW SECTION. Sec. 4. Section 1 of this act expires July 1, 2015.

21 NEW SECTION. Sec. 5. Section 2 of this act takes effect July 1,
22 2015.

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