





- 1 (a) Has resided in this state for the entire tax year; or  
2 (b) Is domiciled in this state unless the individual:  
3 (i) Maintains no permanent place of abode in this state; and  
4 (ii) Maintains a permanent place of abode elsewhere; and  
5 (iii) Spends in the aggregate not more than thirty days in the  
6 tax year in this state; or  
7 (c) Is not domiciled in this state, but maintains a permanent  
8 place of abode in this state and spends in the aggregate more than  
9 one hundred eighty-three days of the tax year in this state unless  
10 the individual establishes to the satisfaction of the director of  
11 revenue that the individual is in the state only for temporary or  
12 transitory purposes; or  
13 (d) Claims the state of Washington as the individual's tax home  
14 for federal income tax purposes.  
15 (2) A resident estate means an estate of which a personal  
16 representative was appointed by a Washington court or an estate  
17 administration of which is carried on in this state.  
18 (3) A resident trust means a trust whose situs as determined by  
19 RCW 11.96A.030 is within the state of Washington.

20 NEW SECTION. **Sec. 209.** S CORPORATION. "S corporation" means an  
21 S corporation as defined in section 1361 of the internal revenue  
22 code.

23 NEW SECTION. **Sec. 210.** TAXABLE INCOME. "Taxable income" means  
24 federal base income as modified under sections 401 through 503 of  
25 this act.

26 NEW SECTION. **Sec. 211.** TAXABLE YEAR. "Taxable year" means the  
27 taxpayer's taxable year as defined under the internal revenue code.

28 NEW SECTION. **Sec. 212.** TAXPAYER. "Taxpayer" means a person  
29 receiving income subject to tax under this title.

30 NEW SECTION. **Sec. 213.** DEFINITION OF TERMS GENERALLY. Except as  
31 provided in sections 201 through 212 of this act, any term used in  
32 this title has the same meaning as when used in a comparable context  
33 in the internal revenue code.

1 **DETERMINATION OF TAX**

2 NEW SECTION. **Sec. 301.** TAX IMPOSED—RATES. (1) A tax is imposed  
3 on all taxable income of resident individuals, estates, and trusts  
4 and on all individuals, estates, and trusts deriving income from  
5 sources in Washington for each taxable year based on the type of  
6 return filed and the amount of income in accordance with this  
7 section.

8 (2) For every married individual who makes a single return  
9 jointly with his or her spouse and for every surviving spouse, the  
10 tax is five percent of taxable income.

11 NEW SECTION. **Sec. 302.** CREDIT FOR INCOME TAXES DUE ANOTHER  
12 JURISDICTION. (1) A resident individual, estate, or trust is allowed  
13 a credit against the tax imposed under this title for the amount of  
14 any income tax imposed by another state or foreign country, or  
15 political subdivision of the state or foreign country, on income  
16 taxed under this title, subject to the following conditions, which  
17 must be imposed separately with respect to each taxing jurisdiction:

18 (a) The credit is allowed only for taxes imposed by the other  
19 jurisdiction on net income from sources within that jurisdiction; and

20 (b) The amount of the credit may not exceed the smaller of:

21 (i) The amount of tax paid to the other jurisdiction on net  
22 income from sources within the other jurisdiction; or

23 (ii) The amount of tax due under this title before application of  
24 credits allowable by this title, multiplied by a fraction. The  
25 numerator of the fraction is the amount of the taxpayer's adjusted  
26 gross income subject to tax in the other jurisdiction. The  
27 denominator of the fraction is the taxpayer's total adjusted gross  
28 income as modified by this title. The fraction may never be greater  
29 than one.

30 (2) If, in lieu of a credit similar to the credit allowed under  
31 subsection (1) of this section, the laws of the other taxing  
32 jurisdiction contain a provision exempting a resident of this state  
33 from liability for the payment of income taxes on income earned for  
34 personal services performed in such jurisdiction, then the director  
35 is authorized to enter into a reciprocal agreement with such  
36 jurisdiction providing a similar tax exemption on income earned for  
37 personal services performed in this state.

1        NEW SECTION.    **Sec. 303.**    DUAL RESIDENCE. If an individual is  
2 regarded as a resident both of this state and another jurisdiction  
3 for state personal income tax purposes, the department must reduce  
4 the tax on that portion of the taxpayer's income which is subjected  
5 to tax in both jurisdictions solely by virtue of dual residence, if  
6 the other taxing jurisdiction allows a similar reduction. The  
7 reduction must equal the lower of the two taxes applicable to the  
8 income taxed twice, multiplied by a fraction. The numerator of the  
9 fraction is the tax imposed by this state on the income taxed twice.  
10 The denominator of the fraction is the tax imposed by both  
11 jurisdictions on the income taxed twice. The fraction must never be  
12 greater than one.

13        NEW SECTION.    **Sec. 304.**    BUSINESS AND OCCUPATION TAX CREDIT. (1)  
14 There is allowed a credit against the tax imposed by this title in  
15 the amount of the state of Washington business and occupation tax  
16 paid by the taxpayer in the tax year subject to the limitation of  
17 subsection (2) of this section.

18        (2) The credit may not exceed the smaller of:

19        (a) The amount of business and occupation tax paid; or

20        (b) The amount of tax of the taxpayer imposed by this title  
21 before the application of credits allowed by this title, multiplied  
22 by a fraction:

23        (i) The numerator is the amount of the taxpayer's adjusted gross  
24 income attributable to activities subject to business and occupation  
25 tax; and

26        (ii) The denominator is the taxpayer's adjusted gross income as  
27 modified by this title. The fraction may never be greater than one.

28        NEW SECTION.    **Sec. 305.**    PUBLIC UTILITY TAX CREDIT. (1) There is  
29 allowed a credit against the tax imposed by this title in the amount  
30 of the state of Washington public utility tax paid by the taxpayer in  
31 the tax year subject to the limitation of subsection (2) of this  
32 section.

33        (2) The credit may not exceed the smaller of:

34        (a) The amount of public utility tax paid; or

35        (b) The amount of tax of the taxpayer imposed by this title  
36 before the application of credits allowed by this title, multiplied  
37 by a fraction:

1 (i) The numerator is the amount of the taxpayer's adjusted gross  
2 income attributable to activities subject to public utility tax; and

3 (ii) The denominator is the taxpayer's adjusted gross income as  
4 modified by this title. The fraction may never be greater than one.

5 NEW SECTION. **Sec. 306.** CARRYFORWARDS AND CARRYBACKS. The amount  
6 of tax credits received by any taxpayer under sections 302, 304, and  
7 305 of this act may not exceed the total amount of tax due, and no  
8 carryback or carryforward of any unused excess credits is allowed.

9 **PART IV**

10 **TAXABLE INCOME MODIFICATIONS**

11 NEW SECTION. **Sec. 401.** INTRODUCTORY. In computing taxable  
12 income, modifications must be made to the taxpayer's federal base  
13 income as required under sections 301 through 410 of this act, unless  
14 the modification has the effect of duplicating an item of income or  
15 deduction.

16 NEW SECTION. **Sec. 402.** STATE AND LOCAL OBLIGATIONS. To federal  
17 base income, add income which has been excluded under section 103 of  
18 the internal revenue code in computing federal base income, except  
19 interest on obligations of the state of Washington or political  
20 subdivisions of the state of Washington.

21 NEW SECTION. **Sec. 403.** STATE AND LOCAL INCOME TAXES—BUSINESS  
22 AND OCCUPATION, PUBLIC UTILITY TAXES. To federal base income, add:

23 (1) Taxes on or measured by net income which have been deducted  
24 under the internal revenue code in computing federal base income;

25 (2) The amount of taxes paid or accrued which have been deducted  
26 for federal purposes, but for which a business and occupation tax  
27 credit or public utility tax credit, or both, is allowed.

28 NEW SECTION. **Sec. 404.** NET OPERATING LOSS. There is allowed as  
29 a deduction from federal base income the amount of net operating loss  
30 as allowed in section 172 of the internal revenue code. The  
31 calculation of the loss amount must reflect the modifications to  
32 federal base income as provided in this title and a net operating  
33 loss deduction may include a loss carried forward to the tax year but  
34 may not include a loss carried back from a future year.

1        NEW SECTION.    **Sec. 405.**    CARRYOVERS. To federal base income, add  
2 amounts which have been deducted in computing federal base income to  
3 the extent the amounts have been carried over from taxable years  
4 ending before the effective date of this title.

5        NEW SECTION.    **Sec. 406.**    FEDERAL OBLIGATIONS. From federal base  
6 income, deduct, to the extent included in federal base income, income  
7 derived from obligations of the United States which this state is  
8 prohibited by federal law from subjecting to a net income tax.  
9 However, the amount deducted under this section must be reduced by  
10 any expense, including amortizable bond premiums, incurred in the  
11 production of such income to the extent the expense has been deducted  
12 in calculating federal base income.

13        NEW SECTION.    **Sec. 407.**    STANDARD DEDUCTION—PERSONAL EXEMPTION.  
14 There is allowed from federal base income the following standard  
15 deductions and personal exemption deduction:

16        (1) The standard deduction for an individual is:

17        (a) In the case of a joint return or a surviving spouse, thirty  
18 thousand dollars;

19        (b) In the case of the head of a household, twenty-two thousand  
20 dollars;

21        (c) In the case of an individual who is not married and who is  
22 not a surviving spouse or head of a household and in the case of a  
23 married individual filing a separate return, fifteen thousand  
24 dollars.

25        (2) A personal exemption deduction in the amount of five thousand  
26 dollars is allowed for each individual for whom a personal exemption  
27 deduction is allowed for federal income tax purposes.

28        NEW SECTION.    **Sec. 408.**    ADJUSTMENT OF DEDUCTIONS AND EXEMPTIONS  
29 FOR NONRESIDENTS. The deductions from federal base income allowed  
30 under section 407 of this act for individual taxpayers who are not  
31 residents of this state for the entire taxable year must be reduced  
32 by multiplying the amount of the deductions by a fraction. The  
33 numerator of the fraction is the individual's adjusted gross income  
34 attributable to sources within the state of Washington. The  
35 denominator of the fraction is the individual's gross income from all  
36 sources. The fraction may never be greater than one.



1        NEW SECTION.    **Sec. 501.**    APPORTIONMENT AND ALLOCATION OF INCOME.

2        (1) For resident individuals, estates, and trusts, all income must be  
3        apportioned and allocated to this state.

4        (2) For nonresident individuals, estates, and trusts, income  
5        derived from sources within this state must be apportioned and  
6        allocated to this state. For purposes of this title:

7        (a) The adjusted gross income of a nonresident derived from  
8        sources within this state is the net amount of items of income, gain,  
9        loss, and deduction of the nonresident's federal adjusted gross  
10       income that are derived from or connected with sources in this state  
11       including any distributive share of partnership income and  
12       deductions, and any share of estate or trust income and deductions,  
13       including any unrelated business income of an otherwise exempt trust  
14       or organization.

15       (b) Items of income, gain, loss, and deduction derived from or  
16       connected with sources within this state are those items attributable  
17       to the ownership or disposition of any interest in real or tangible  
18       personal property in this state, and a business, trade, profession,  
19       or occupation carried on within this state. The department must issue  
20       rules to provide consistency of this section with the excise tax  
21       provisions.

22       (c) Deduction with respect to expenses, capital losses, and net  
23       operating losses is based solely on income, gains, losses, and  
24       deductions derived from or connected with sources in this state but  
25       is otherwise determined in the same manner as the corresponding  
26       federal deduction except as provided in this title.

27       (d) Income from intangible personal property, including  
28       annuities, dividends, interest, and gains from the disposition of  
29       intangible personal property, constitutes income derived from sources  
30       within the state of Washington only to the extent that such income is  
31       from property employed in a business, trade, profession, or  
32       occupation carried on within this state. However, distributed and  
33       undistributed income of an electing S corporation for federal tax  
34       purposes derived from or connected with sources within this state is  
35       income derived from sources within this state for a nonresident  
36       shareholder. A net operating loss of such corporation does constitute  
37       a loss or deduction connected with sources within this state for a  
38       nonresident shareholder.

39       (e) Compensation paid by the United States for service in the  
40       armed forces of the United States performed in this state by a

1 nonresident does not constitute income derived from sources within  
2 this state.

3 (f) If a business, trade, profession, or occupation is carried on  
4 partly within and partly without this state, the determination of net  
5 income derived or connected with sources within this state as  
6 provided in this section must be made by apportionment and allocation  
7 of chapter 82.56 RCW.

8 NEW SECTION. **Sec. 502.** PARTNERSHIPS AND S CORPORATIONS. (1)  
9 Partnerships are not subject to tax under this title. Partners are  
10 subject to tax in their separate or individual capacities.

11 (2) S corporations are not subject to tax under this title.  
12 Shareholders of S corporations are subject to tax in their separate  
13 or individual capacities.

14 (3) The taxable incomes of partners is computed by including a  
15 pro rata share of the modifications under sections 401 through 503 of  
16 this act and the credits allowed under sections 302, 304, and 305 of  
17 this act, if the modification or credit relates to the income of the  
18 partnership. Each partner's pro rata share of a modification or  
19 credit is the amount of modification or credit multiplied by a  
20 fraction. The numerator of the fraction is the partner's distributive  
21 share of partnership income. The denominator of the fraction is the  
22 total partnership income. The fraction may never be greater than one.

23 (4) The taxable incomes of shareholders of S corporations must be  
24 computed by including a share of the modifications under sections 401  
25 through 503 of this act and the credits allowed under sections 302,  
26 304, and 305 of this act, if the modification or credit relates to  
27 the income of the S corporation. Each shareholder's share of a  
28 modification or credit is the amount of modification or credit  
29 multiplied by a fraction. The numerator of the fraction is the  
30 shareholder's pro rata share of S corporation income. The denominator  
31 of the fraction is the total S corporation income. The fraction may  
32 never be greater than one.

33 (5) As used in this section:

34 (a) "S corporation income" includes both distributed and  
35 undistributed federal taxable income of the S corporation.

36 (b) "Pro rata share" means pro rata share as determined under  
37 section 1366(a) of the internal revenue code.



1 is earned allow a similar exemption for its residents who earn income  
2 in this state.

3 NEW SECTION. **Sec. 602.** LIABILITY OF EMPLOYER FOR TAX WITHHELD.  
4 Any person required to deduct and withhold the tax imposed by this  
5 title is liable to the department for the payment of the amount  
6 deducted and withheld, and is not liable to any other person for the  
7 amount of tax deducted and withheld under this title or for the act  
8 of withholding. The amount of tax so deducted and withheld must be  
9 held to be a special fund in trust for this state.

10 NEW SECTION. **Sec. 603.** CREDIT FOR TAX WITHHELD—HOW CLAIMED. The  
11 amount deducted and withheld as tax under sections 601 through 606 of  
12 this act during any taxable year must be allowed as a credit against  
13 the tax imposed for the taxable year by this title. If the liability  
14 of any individual for taxes, interest, penalties, or other amounts  
15 due the state of Washington is less than the total amount of the  
16 credit which the individual is entitled to claim under this section,  
17 the individual is entitled to a refund from the department in the  
18 amount of the excess of the credit over the tax otherwise due. If any  
19 individual entitled to claim a credit under this section is not  
20 otherwise required by this title to file a return, a refund may be  
21 obtained in the amount of the credit by filing a return, with  
22 applicable sections completed, to claim the refund. No credit or  
23 refund is allowed under this section unless the credit or refund is  
24 claimed on a return filed for the taxable year for which the amount  
25 was deducted and withheld.

26 NEW SECTION. **Sec. 604.** WITHHOLDING—EXEMPTION DECLARATIONS. An  
27 employee is entitled to use and an employer must use the withholding  
28 exemption declaration on file with the employer for federal income  
29 tax purposes. The department may redetermine the number of  
30 withholding exemptions to which any employee is entitled, and the  
31 department may require an additional withholding exemption  
32 declaration to be filed on a form prescribed by the department where  
33 the department finds that the exemption declaration filed for federal  
34 income tax purposes does not properly reflect the number of  
35 withholding exemptions to which the employee is entitled.





1 (3) If an adjustment to a taxpayer's federal return is made by  
2 the taxpayer or the internal revenue service, the taxpayer must,  
3 within ninety days of the final determination of the adjustment by  
4 the internal revenue service or within thirty days of the filing of a  
5 federal return adjusted by the taxpayer, file with the department on  
6 forms prescribed by the department a corrected return reflecting the  
7 adjustments as finally determined. The taxpayer must pay any  
8 additional tax due resulting from the finally determined internal  
9 revenue service adjustment or a taxpayer adjustment without notice  
10 and assessment. Notwithstanding any provision of this title or any  
11 other title to the contrary, the period of limitation for the  
12 collection of the additional tax, interest, and penalty due as a  
13 result of an adjustment by the taxpayer or a finally determined  
14 internal revenue service adjustment must begin at the later of thirty  
15 days following the final determination of the adjustment or the date  
16 of the filing of the corrected return.

17 NEW SECTION. **Sec. 803.** DUE DATE FOR FILING A RETURN—EXTENSIONS  
18 —INTEREST AND PENALTIES. The due date of a return required to be  
19 filed with the department is the due date of the federal income tax  
20 return or informational return for federal income tax purposes. The  
21 department must have the authority to grant extensions of times by  
22 which returns required to be filed by this title may be submitted.  
23 The department must also have the authority to grant extensions of  
24 time to pay tax with regard to taxes imposed by this title. Interest  
25 at the rate as specified in RCW 82.32.050 accrues during any  
26 extension period and the interest and penalty provisions of chapter  
27 82.32 RCW apply to late payments and deficiencies. Notwithstanding  
28 the limitation of RCW 82.32.090, in the case of the late filing of an  
29 informational return, there is imposed a penalty the amount of which  
30 is established by the department by rule. The penalty may not exceed  
31 fifty dollars per month for a maximum of ten months. RCW 82.32.105  
32 applies to this section.

33 NEW SECTION. **Sec. 804.** JOINT RETURN. (1) If the federal income  
34 tax liabilities of both spouses are determined on a joint federal  
35 return for the taxable year, they must file a joint return under this  
36 title unless one spouse is a resident and the other is a nonresident.

37 (2) If neither spouse is required to file a federal income tax  
38 return for the taxable year, a joint return may be filed under this

1 title under the same conditions under which a joint return may be  
2 filed for purposes of the federal income tax.

3 (3) If the federal income tax liability of either spouse is  
4 determined on a separate federal return for the taxable year, they  
5 must file separate returns under this title.

6 (4) If one spouse is a resident and the other is a nonresident,  
7 they must file separate returns under this title, unless they elect  
8 to determine their tax liabilities under this title on a joint return  
9 as if they were both residents, and:

10 (a) Their federal tax liability for the taxable year was  
11 determined on a joint federal return; or

12 (b) Neither spouse has filed a federal income tax return for the  
13 taxable year and they would be permitted to file a joint federal  
14 return for the taxable year.

15 (5) In any case in which a joint return is filed under this  
16 section, the liability of the husband and wife is joint and several,  
17 unless the spouse is relieved of liability under section 6013 of the  
18 internal revenue code.

19 NEW SECTION. **Sec. 805.** RECORDS—RETURNS. (1) Every taxpayer and  
20 every person required to deduct and withhold the tax imposed under  
21 this title must keep records, render statements, make returns, file  
22 reports, and perform other acts as the department requires by rule.  
23 Each return must be made under penalty of perjury and on forms  
24 prescribed by the department. The department may require other  
25 statements and reports be made under penalty of perjury and on forms  
26 prescribed by the department. The department may require any taxpayer  
27 and any person required to deduct and withhold the tax imposed under  
28 this title to furnish to the department a correct copy of any return  
29 or document which the taxpayer has filed with the internal revenue  
30 service or received from the internal revenue service.

31 (2) All books and records and other papers and documents required  
32 to be kept under this title are subject to inspection by the  
33 department at all times during business hours of the day.

34 NEW SECTION. **Sec. 806.** ESTIMATION AGREEMENTS. The department  
35 may reasonably estimate the items of business or nonbusiness income  
36 of a taxpayer having an office within the state and one or more other  
37 states or foreign countries which may be apportioned or allocated to  
38 the state and may enter into estimation agreements with such

1 taxpayers for the determination of their liability for the tax  
2 imposed by this title.

3 NEW SECTION. **Sec. 807.** PROVISIONS OF INTERNAL REVENUE CODE  
4 CONTROL. (1) To the extent possible without being inconsistent with  
5 this title, all of the provisions of the internal revenue code  
6 relating to the following subjects apply to the taxes imposed under  
7 this title:

8 (a) Time of payment of tax deducted and withheld under sections  
9 301 through 306 of this act;

10 (b) Liability of transferees;

11 (c) Time and manner of making returns, extensions of time for  
12 filing returns, verification of returns, and the time when a return  
13 is deemed filed.

14 (2) The department by rule may provide modifications and  
15 exceptions to the provisions listed in subsection (1) of this  
16 section, if reasonably necessary to facilitate the prompt, efficient,  
17 and equitable collection of tax under this title.

18 NEW SECTION. **Sec. 808.** REFUNDS OF OVERPAYMENTS—OTHER  
19 ADMINISTRATIVE PROVISIONS. (1) The department must refund all taxes  
20 improperly paid or collected.

21 (2) The following sections apply to the administration of taxes  
22 imposed under this title: RCW 82.32.020, 82.32.050, 82.32.060,  
23 82.32.070, 82.32.090, 82.32.100, 82.32.105, 82.32.110, 82.32.120,  
24 82.32.130, 82.32.140, 82.32.150, 82.32.160, 82.32.170, 82.32.180,  
25 82.32.190, 82.32.200, 82.32.210, 82.32.220, 82.32.230, 82.32.235,  
26 82.32.237, 82.32.240, 82.32.245, 82.32.265, 82.32.300, 82.32.310,  
27 82.32.320, 82.32.330, 82.32.340, 82.32.350, 82.32.360, and 82.32.380.

28 NEW SECTION. **Sec. 809.** RULES. The department may adopt rules  
29 under chapter 34.05 RCW for the administration and enforcement of  
30 this title. The rules, to the extent possible without being  
31 inconsistent with this title, must follow the internal revenue code  
32 and the regulations and rulings of the United States treasury  
33 department with respect to the federal income tax. The department may  
34 adopt as a part of these rules any portions of the internal revenue  
35 code and treasury department regulations and rulings, in whole or in  
36 part.



1 (i) (~~Said~~) The appeal must be filed after review of the ratio  
2 under RCW 84.48.075(3) and not later than fifteen days after the  
3 mailing of the certification; and

4 (ii) The hearing before the board (~~shall~~) must be expeditiously  
5 held in accordance with rules prescribed by the board and (~~shall~~)  
6 takes precedence over all matters of the same character.

7 (f) Appeals from the decisions of sale price of second class  
8 shorelands on navigable lakes by the department of natural resources  
9 pursuant to RCW (~~79.94.210~~) 79.125.450.

10 (g) Appeals from urban redevelopment property tax apportionment  
11 district proposals established by governmental ordinances pursuant to  
12 RCW 39.88.060.

13 (h) Appeals from interest rates as determined by the department  
14 of revenue for use in valuing farmland under current use assessment  
15 pursuant to RCW 84.34.065.

16 (i) Appeals from revisions to stumpage value tables used to  
17 determine value by the department of revenue pursuant to RCW  
18 84.33.091.

19 (j) Appeals from denial of tax exemption application by the  
20 department of revenue pursuant to RCW 84.36.850.

21 (k) Appeals pursuant to RCW 84.40.038(3).

22 (l) Appeals pursuant to RCW 84.39.020.

23 (m) Appeals relating to income tax deficiencies and refunds,  
24 including penalties and interest, under Title 82A RCW (the new title  
25 created in section 1502 of this act).

26 (2) Except as otherwise specifically provided by law  
27 (~~hereafter~~), the provisions of RCW 1.12.070 (~~shall~~) apply to all  
28 notices of appeal filed with the board of tax appeals.

29 **Sec. 902.** RCW 82.03.140 and 2000 c 103 s 1 are each amended to  
30 read as follows:

31 (1) In all appeals over which the board has jurisdiction under  
32 RCW 82.03.130, a party taking an appeal may elect either a formal or  
33 an informal hearing(~~,—such~~). An election to appeal under this  
34 section must be made according to the rules of practice and procedure  
35 (~~to be~~) promulgated by the board(~~:-PROVIDED, That~~).

36 (2) Nothing (~~shall~~) in this section:

37 (a) Prevents the assessor or taxpayer, as a party to an appeal  
38 pursuant to RCW 84.08.130, within twenty days from the date of the  
39 receipt of the notice of appeal, from filing with the clerk of the

1 board notice of intention that the hearing be a formal one(~~(+~~  
2 ~~PROVIDED, HOWEVER, That nothing herein shall))~~);

3 (b) May be construed to modify the provisions of RCW 82.03.190(~~(+~~  
4 ~~AND PROVIDED FURTHER, That))~~).

5 (3) Upon an appeal under RCW 82.03.130(1) (e) or (m), the  
6 director (~~(of revenue)~~) may, within ten days from the date of its  
7 receipt of the notice of appeal, file with the clerk of the board  
8 notice of its (~~(intention that the hearing be held pursuant to~~  
9 ~~chapter 34.05 RCW)~~) election of a formal hearing.

10 (4) In the event that appeals are taken from the same decision,  
11 order, or determination, as the case may be, by different parties and  
12 only one of (~~(such))~~) the parties elects a formal hearing, a formal  
13 hearing (~~(shall))~~) must be granted.

## 14 PART X

### 15 APPLICATION OF TAX TO PUBLIC PENSIONS

16 **Sec. 1001.** RCW 2.10.180 and 2012 c 159 s 17 are each amended to  
17 read as follows:

18 (1) Except as provided in subsections (2), (3), (~~(and))~~) (4), and  
19 (5) of this section, the right of a person to a retirement allowance,  
20 disability allowance, or death benefit, the retirement, disability or  
21 death allowance itself, any optional benefit, any other right accrued  
22 or accruing to any person under the provisions of this chapter, and  
23 the moneys in the fund created under this chapter, are (~~(hereby))~~)  
24 exempt from any state, county, municipal, or other local tax and  
25 (~~(shall))~~) are not (~~(be))~~) subject to execution, garnishment, or any  
26 other process of law whatsoever whether the same be in actual  
27 possession of the person or be deposited or loaned.

28 (2) Subsection (1) of this section (~~(shall not be deemed to))~~)  
29 does not prohibit a beneficiary of a retirement allowance from  
30 authorizing deductions therefrom for payment of premiums due on any  
31 group insurance policy or plan issued for the benefit of a group  
32 comprised of public employees of the state of Washington.

33 (3) Deductions made in the past from retirement benefits are  
34 hereby expressly recognized, ratified, and affirmed. Future  
35 deductions may only be made in accordance with this section.

36 (4) Subsection (1) of this section (~~(shall))~~) does not prohibit  
37 the department of retirement systems from complying with (a) a wage  
38 assignment order for child support issued pursuant to chapter 26.18

1 RCW, (b) a notice of payroll deduction issued under chapter 26.23  
2 RCW, (c) an order to withhold and deliver issued pursuant to chapter  
3 74.20A RCW, (d) a mandatory benefits assignment order issued pursuant  
4 to chapter 41.50 RCW, (e) a court order directing the department of  
5 retirement systems to pay benefits directly to an obligee under a  
6 dissolution order as defined in RCW 41.50.500(3) which fully complies  
7 with RCW 41.50.670 and 41.50.700, or (f) any administrative or court  
8 order expressly authorized by federal law.

9 (5) Subsection (1) of this section does not exempt any pension or  
10 other benefit received under this chapter from tax under Title 82A  
11 RCW (the new title created in section 1502 of this act), nor does it  
12 prohibit the department of retirement systems from complying with the  
13 tax withholding requirements of that title.

14 **Sec. 1002.** RCW 2.12.090 and 2012 c 159 s 18 are each amended to  
15 read as follows:

16 (1) Except as provided in subsections (2), (3), ~~((and))~~ (4), and  
17 (5) of this section, the right of any person to a retirement  
18 allowance or optional retirement allowance under the provisions of  
19 this chapter and all moneys and investments and income thereof are  
20 exempt from any state, county, municipal, or other local tax and  
21 ~~((shall))~~ are not ~~((be))~~ subject to execution, garnishment,  
22 attachment, the operation of bankruptcy or the insolvency laws, or  
23 other processes of law whatsoever whether the same be in actual  
24 possession of the person or be deposited or loaned and ~~((shall-be))~~  
25 are unassignable except as herein specifically provided.

26 (2) Subsection (1) of this section ~~((shall))~~ does not prohibit  
27 the department of retirement systems from complying with (a) a wage  
28 assignment order for child support issued pursuant to chapter 26.18  
29 RCW, (b) a notice of payroll deduction issued under chapter 26.23  
30 RCW, (c) an order to withhold and deliver issued pursuant to chapter  
31 74.20A RCW, (d) a mandatory benefits assignment order issued pursuant  
32 to chapter 41.50 RCW, (e) a court order directing the department of  
33 retirement systems to pay benefits directly to an obligee under a  
34 dissolution order as defined in RCW 41.50.500(3) which fully complies  
35 with RCW 41.50.670 and 41.50.700, or (f) any administrative or court  
36 order expressly authorized by federal law.

37 (3) Subsection (1) of this section ~~((shall not be deemed to))~~  
38 does not prohibit a beneficiary of a retirement allowance from  
39 authorizing deductions therefrom for payment of premiums due on any

1 group insurance policy or plan issued for the benefit of a group  
2 comprised of public employees of the state of Washington.

3 (4) Deductions made in the past from retirement benefits are  
4 hereby expressly recognized, ratified, and affirmed. Future  
5 deductions may only be made in accordance with this section.

6 (5) Subsection (1) of this section does not exempt any pension or  
7 other benefit received under this chapter from tax under Title 82A  
8 RCW (the new title created in section 1502 of this act), nor does it  
9 prohibit the department of retirement systems from complying with the  
10 tax withholding requirements of that title.

11 **Sec. 1003.** RCW 6.13.030 and 2007 c 429 s 1 are each amended to  
12 read as follows:

13 A homestead may consist of lands, as described in RCW 6.13.010,  
14 regardless of area, but the homestead exemption amount (~~shall~~) may  
15 not exceed the lesser of (1) the total net value of the lands,  
16 manufactured homes, mobile home, improvements, and other personal  
17 property, as described in RCW 6.13.010, or (2) the sum of one hundred  
18 twenty-five thousand dollars in the case of lands, manufactured  
19 homes, mobile home, and improvements, or the sum of fifteen thousand  
20 dollars in the case of other personal property described in RCW  
21 6.13.010(~~(, except where the homestead is subject to execution,~~  
22 ~~attachment, or seizure by or under any legal process whatever to~~  
23 ~~satisfy a judgment in favor of any state for failure to pay that~~  
24 ~~state's income tax on benefits received while a resident of the state~~  
25 ~~of Washington from a pension or other retirement plan, in which event~~  
26 ~~there shall be no dollar limit on the value of the exemption)).~~

27 **Sec. 1004.** RCW 6.15.020 and 2011 c 162 s 3 are each amended to  
28 read as follows:

29 (1) It is the policy of the state of Washington to ensure the  
30 well-being of its citizens by protecting retirement income to which  
31 they are or may become entitled. For that purpose generally and  
32 pursuant to the authority granted to the state of Washington under 11  
33 U.S.C. Sec. 522(b)(2), the exemptions in this section relating to  
34 retirement benefits are provided.

35 (2) Unless otherwise provided by federal law, any money received  
36 by any citizen of the state of Washington as a pension from the  
37 government of the United States, whether the same be in the actual  
38 possession of such person or be deposited or loaned, (~~shall be~~) is

1 exempt from execution, attachment, garnishment, or seizure by or  
2 under any legal process whatever, and when a debtor dies, or  
3 absconds, and leaves his or her family any money exempted by this  
4 subsection, the same (~~shall be~~) is exempt to the family as provided  
5 in this subsection. This subsection (~~shall~~) does not apply to child  
6 support collection actions issued under chapter 26.18, 26.23, or  
7 74.20A RCW, if otherwise permitted by federal law, or to collection  
8 actions for taxes imposed under Title 82A RCW (the new title created  
9 in section 1502 of this act).

10 (3) The right of a person to a pension, annuity, or retirement  
11 allowance or disability allowance, or death benefits, or any optional  
12 benefit, or any other right accrued or accruing to any citizen of the  
13 state of Washington under any employee benefit plan, and any fund  
14 created by such a plan or arrangement, (~~shall be~~) is exempt from  
15 execution, attachment, garnishment, or seizure by or under any legal  
16 process whatever. This subsection (~~shall~~) does not apply to child  
17 support collection actions issued under chapter 26.18, 26.23, or  
18 74.20A RCW if otherwise permitted by federal law, or to collection  
19 actions for taxes imposed under Title 82A RCW (the new title created  
20 in section 1502 of this act). This subsection (~~shall~~) permits  
21 benefits under any such plan or arrangement to be payable to a  
22 spouse, former spouse, child, or other dependent of a participant in  
23 such plan to the extent expressly provided for in a qualified  
24 domestic relations order that meets the requirements for such orders  
25 under the plan, or, in the case of benefits payable under a plan  
26 described in 26 U.S.C. Sec. 403(b) or 408 of the internal revenue  
27 code of 1986, as amended, or section 409 of such code as in effect  
28 before January 1, 1984, to the extent provided in any order issued by  
29 a court of competent jurisdiction that provides for maintenance or  
30 support. This subsection does not prohibit actions against an  
31 employee benefit plan, or fund for valid obligations incurred by the  
32 plan or fund for the benefit of the plan or fund.

33 (4) For the purposes of this section, the term "employee benefit  
34 plan" means any plan or arrangement that is described in RCW  
35 49.64.020, including any Keogh plan, whether funded by a trust or by  
36 an annuity contract, and in 26 U.S.C. Sec. 401(a) or 403(a) of the  
37 internal revenue code of 1986, as amended; or that is a tax-sheltered  
38 annuity or a custodial account described in section 403(b) of such  
39 code or an individual retirement account or an individual retirement  
40 annuity described in section 408 of such code; or a Roth individual

1 retirement account described in section 408A of such code; or a  
2 medical savings account or a health savings account described in  
3 sections 220 and 223, respectively, of such code; or a retirement  
4 bond described in section 409 of such code as in effect before  
5 January 1, 1984. The term "employee benefit plan" (~~shall~~) does not  
6 include any employee benefit plan that is established or maintained  
7 for its employees by the government of the United States, by the  
8 state of Washington under chapter 2.10, 2.12, 41.26, 41.32, 41.34,  
9 41.35, 41.37, 41.40, or 43.43 RCW or RCW 41.50.770, or by any agency  
10 or instrumentality of the government of the United States.

11 (5) An employee benefit plan (~~shall be~~) is deemed to be a  
12 spendthrift trust, regardless of the source of funds, the  
13 relationship between the trustee or custodian of the plan and the  
14 beneficiary, or the ability of the debtor to withdraw or borrow or  
15 otherwise become entitled to benefits from the plan before  
16 retirement. This subsection (~~shall~~) does not apply to child support  
17 collection actions issued under chapter 26.18, 26.23, or 74.20A RCW,  
18 if otherwise permitted by federal law, or to collection actions for  
19 taxes imposed under Title 82A RCW (the new title created in section  
20 1502 of this act). This subsection (~~shall~~) permits benefits under  
21 any such plan or arrangement to be payable to a spouse, former  
22 spouse, child, or other dependent of a participant in such plan to  
23 the extent expressly provided for in a qualified domestic relations  
24 order that meets the requirements for such orders under the plan, or,  
25 in the case of benefits payable under a plan described in 26 U.S.C.  
26 Sec. 403(b) or 408 of the internal revenue code of 1986, as amended,  
27 or section 409 of such code as in effect before January 1, 1984, to  
28 the extent provided in any order issued by a court of competent  
29 jurisdiction that provides for maintenance or support.

30 (6)(a) Unless prohibited by federal law, nothing contained in  
31 subsection (3), (4), or (5) of this section (~~shall~~) may be  
32 construed as a termination or limitation of a spouse's community  
33 property interest in an employee benefit plan held in the name of or  
34 on account of the other spouse, who is the participant or the account  
35 holder spouse. Unless prohibited by applicable federal law, at the  
36 death of the nonparticipant, nonaccount holder spouse, the  
37 nonparticipant, nonaccount holder spouse may transfer or distribute  
38 the community property interest of the nonparticipant, nonaccount  
39 holder spouse in the participant or account holder spouse's employee  
40 benefit plan to the nonparticipant, nonaccount holder spouse's

1 estate, testamentary trust, inter vivos trust, or other successor or  
2 successors pursuant to the last will of the nonparticipant,  
3 nonaccount holder spouse or the law of intestate succession, and that  
4 distributee may, but (~~shall~~) is not (~~be~~) required to, obtain an  
5 order of a court of competent jurisdiction, including a nonjudicial  
6 binding agreement or order entered under chapter 11.96A RCW, to  
7 confirm the distribution.

8 (b) For purposes of subsection (3) of this section, the  
9 distributee of the nonparticipant, nonaccount holder spouse's  
10 community property interest in an employee benefit plan (~~shall-be~~)  
11 is considered a person entitled to the full protection of subsection  
12 (3) of this section. The nonparticipant, nonaccount holder spouse's  
13 consent to a beneficiary designation by the participant or account  
14 holder spouse with respect to an employee benefit plan (~~shall~~) does  
15 not, absent clear and convincing evidence to the contrary, be deemed  
16 a release, gift, relinquishment, termination, limitation, or transfer  
17 of the nonparticipant, nonaccount holder spouse's community property  
18 interest in an employee benefit plan.

19 (c) For purposes of this subsection(~~, the term~~):

20 (i) "Nonparticipant, nonaccount holder spouse" means the spouse  
21 of the person who is a participant in an employee benefit plan or in  
22 whose name an individual retirement account is maintained. (~~As used~~  
23 ~~in this subsection,~~)

24 (ii) An order of a court of competent jurisdiction entered under  
25 chapter 11.96A RCW includes an agreement, as that term is used under  
26 RCW 11.96A.220.

27 **Sec. 1005.** RCW 41.24.240 and 1995 c 11 s 13 are each amended to  
28 read as follows:

29 (1) The right of any person to any future payment under the  
30 provisions of this chapter (~~shall~~) is not (~~be~~) transferable or  
31 assignable at law or in equity, and none of the moneys paid or  
32 payable or the rights existing under this chapter, (~~shall-be~~) is  
33 subject to execution, levy, attachment, garnishment, or other legal  
34 process, or to the operation of any bankruptcy or insolvency law.  
35 This section (~~shall~~) is not be applicable to any child support  
36 collection action taken under chapter 26.18, 26.23, or 74.20A RCW.  
37 Benefits under this chapter (~~shall-be~~) are payable to a spouse or  
38 ex-spouse to the extent expressly provided for in any court decree of  
39 dissolution or legal separation or in any court order or court-

1 approved property settlement agreement incident to any court decree  
2 of dissolution or legal separation.

3 (2) Nothing in this chapter (~~((shall))~~) may be construed to deprive  
4 any participant, eligible to receive a pension hereunder, from  
5 receiving a pension under any other act to which that participant may  
6 become eligible by reason of services other than or in addition to  
7 his or her services under this chapter.

8 (3) Subsection (1) of this section does not exempt any pension or  
9 other benefit received under this chapter from tax under Title 82A  
10 RCW (the new title created in section 1502 of this act), nor does it  
11 prohibit the department of retirement systems from complying with the  
12 tax withholding requirements of that title.

13 **Sec. 1006.** RCW 41.32.052 and 2012 c 159 s 20 are each amended to  
14 read as follows:

15 (1) Subject to subsections (2) (~~((and))~~), (3), and (4) of this  
16 section, the right of a person to a pension, an annuity, a retirement  
17 allowance, or disability allowance, to the return of contributions,  
18 any optional benefit or death benefit, any other right accrued or  
19 accruing to any person under the provisions of this chapter and the  
20 moneys in the various funds created by this chapter (~~((shall-be))~~) are  
21 unassignable, and are hereby exempt from any state, county, municipal  
22 or other local tax, and (~~((shall))~~) are not (~~((be))~~) subject to  
23 execution, garnishment, attachment, the operation of bankruptcy or  
24 insolvency laws, or other process of law whatsoever whether the same  
25 be in actual possession of the person or be deposited or loaned.

26 (2) This section (~~((shall not be deemed to))~~) does not prohibit a  
27 beneficiary of a retirement allowance who is eligible:

28 (a) Under RCW 41.05.080 from authorizing monthly deductions  
29 therefrom for payment of premiums due on any group insurance policy  
30 or plan issued for the benefit of a group comprised of public  
31 employees of the state of Washington or its political subdivisions;

32 (b) Under a group health care benefit plan approved pursuant to  
33 RCW 28A.400.350 or 41.05.065 from authorizing monthly deductions  
34 therefrom, of the amount or amounts of subscription payments,  
35 premiums, or contributions to any person, firm, or corporation  
36 furnishing or providing medical, surgical, and hospital care or other  
37 health care insurance; or

38 (c) Under this system from authorizing monthly deductions  
39 therefrom for payment of dues and other membership fees to any

1 retirement association composed of retired teachers and/or public  
2 employees pursuant to a written agreement between the director and  
3 the retirement association.

4 Deductions under (a) and (b) of this subsection (~~shall~~) (2)  
5 must be made in accordance with rules that may be adopted by the  
6 director.

7 (3) Subsection (1) of this section (~~shall~~) does not prohibit  
8 the department from complying with (a) a wage assignment order for  
9 child support issued pursuant to chapter 26.18 RCW, (b) an order to  
10 withhold and deliver issued pursuant to chapter 74.20A RCW, (c) a  
11 notice of payroll deduction issued pursuant to RCW 26.23.060, (d) a  
12 mandatory benefits assignment order issued by the department, (e) a  
13 court order directing the department of retirement systems to pay  
14 benefits directly to an obligee under a dissolution order as defined  
15 in RCW 41.50.500(3) which fully complies with RCW 41.50.670 and  
16 41.50.700, or (f) any administrative or court order expressly  
17 authorized by federal law.

18 (4) Subsection (1) of this section does not exempt any pension or  
19 other benefit received under this chapter from tax under Title 82A  
20 RCW (the new title created in section 1502 of this act), nor does it  
21 prohibit the department of retirement systems from complying with the  
22 tax withholding requirements of that title.

23 **Sec. 1007.** RCW 41.35.100 and 2012 c 159 s 24 are each amended to  
24 read as follows:

25 (1) Subject to subsections (2) (~~and~~), (3), and (4) of this  
26 section, the right of a person to a pension, an annuity, or  
27 retirement allowance, any optional benefit, any other right accrued  
28 or accruing to any person under the provisions of this chapter, the  
29 various funds created by this chapter, and all moneys and investments  
30 and income thereof, are (~~hereby~~) exempt from any state, county,  
31 municipal, or other local tax, and (~~shall~~) are not (~~be~~) subject  
32 to execution, garnishment, attachment, the operation of bankruptcy or  
33 insolvency laws, or other process of law whatsoever, whether the same  
34 be in actual possession of the person or be deposited or loaned and  
35 (~~shall be~~) are unassignable.

36 (2) This section does not prohibit a beneficiary of a retirement  
37 allowance from authorizing deductions therefrom for payment of  
38 premiums due on any group insurance policy or plan issued for the  
39 benefit of a group comprised of public employees of the state of

1 Washington or its political subdivisions and which has been approved  
2 for deduction in accordance with rules that may be adopted by the  
3 state health care authority and/or the department. This section also  
4 does not prohibit a beneficiary of a retirement allowance from  
5 authorizing deductions therefrom for payment of dues and other  
6 membership fees to any retirement association or organization the  
7 membership of which is composed of retired public employees, if a  
8 total of three hundred or more of such retired employees have  
9 authorized such deduction for payment to the same retirement  
10 association or organization.

11 (3) Subsection (1) of this section does not prohibit the  
12 department from complying with (a) a wage assignment order for child  
13 support issued pursuant to chapter 26.18 RCW, (b) an order to  
14 withhold and deliver issued pursuant to chapter 74.20A RCW, (c) a  
15 notice of payroll deduction issued pursuant to RCW 26.23.060, (d) a  
16 mandatory benefits assignment order issued by the department, (e) a  
17 court order directing the department of retirement systems to pay  
18 benefits directly to an obligee under a dissolution order as defined  
19 in RCW 41.50.500(3) which fully complies with RCW 41.50.670 and  
20 41.50.700, or (f) any administrative or court order expressly  
21 authorized by federal law.

22 (4) Subsection (1) of this section does not exempt any pension or  
23 other benefit received under this chapter from tax under Title 82A  
24 RCW (the new title created in section 1502 of this act), nor does it  
25 prohibit the department of retirement systems from complying with the  
26 tax withholding requirements of that title.

27 **Sec. 1008.** RCW 41.40.052 and 2012 c 159 s 26 are each amended to  
28 read as follows:

29 (1) Subject to subsections (2) (~~and~~), (3), and (4) of this  
30 section, the right of a person to a pension, an annuity, or  
31 retirement allowance, any optional benefit, any other right accrued  
32 or accruing to any person under the provisions of this chapter, the  
33 various funds created by this chapter, and all moneys and investments  
34 and income thereof, are (~~hereby~~) exempt from any state, county,  
35 municipal, or other local tax, and (~~shall~~) are not (~~be~~) subject  
36 to execution, garnishment, attachment, the operation of bankruptcy or  
37 insolvency laws, or other process of law whatsoever, whether the same  
38 be in actual possession of the person or be deposited or loaned and  
39 (~~shall be~~) are unassignable.

1           (2)(a) This section (~~((shall not be deemed to))~~) does not prohibit  
2 a beneficiary of a retirement allowance from authorizing deductions  
3 therefrom for payment of premiums due on any group insurance policy  
4 or plan issued for the benefit of a group comprised of public  
5 employees of the state of Washington or its political subdivisions  
6 and which has been approved for deduction in accordance with rules  
7 that may be adopted by the state health care authority and/or the  
8 department, and this section (~~((shall not be deemed to))~~) does not  
9 prohibit a beneficiary of a retirement allowance from authorizing  
10 deductions therefrom for payment of dues and other membership fees to  
11 any retirement association or organization the membership of which is  
12 composed of retired public employees, if a total of three hundred or  
13 more of such retired employees have authorized such deduction for  
14 payment to the same retirement association or organization.

15           (b) This section does not prohibit a beneficiary of a retirement  
16 allowance from authorizing deductions from that allowance for  
17 charitable purposes on the same terms as employees and public  
18 officers under RCW 41.04.035 and 41.04.036.

19           (3) Subsection (1) of this section (~~((shall))~~) does not prohibit  
20 the department from complying with (a) a wage assignment order for  
21 child support issued pursuant to chapter 26.18 RCW, (b) an order to  
22 withhold and deliver issued pursuant to chapter 74.20A RCW, (c) a  
23 notice of payroll deduction issued pursuant to RCW 26.23.060, (d) a  
24 mandatory benefits assignment order issued by the department, (e) a  
25 court order directing the department of retirement systems to pay  
26 benefits directly to an obligee under a dissolution order as defined  
27 in RCW 41.50.500(3) which fully complies with RCW 41.50.670 and  
28 41.50.700, or (f) any administrative or court order expressly  
29 authorized by federal law.

30           (4) Subsection (1) of this section does not exempt any pension or  
31 other benefit received under this chapter from tax under Title 82A  
32 RCW (the new title created in section 1502 of this act), nor does it  
33 prohibit the department of retirement systems from complying with the  
34 tax withholding requirements of that title.

35           **Sec. 1009.** RCW 41.44.240 and 2012 c 159 s 27 are each amended to  
36 read as follows:

37           (1) The right of a person to a pension, annuity or a retirement  
38 allowance, to the return of contribution, the pension, annuity or  
39 retirement allowance itself, any optional benefit, any other right

1 accrued or accruing to any person under the provisions of this  
2 chapter, and the moneys in the fund created under this chapter  
3 (~~shall~~) are not (~~be~~) subject to execution, garnishment, or any  
4 other process whatsoever whether the same be in actual possession of  
5 the person or be deposited or loaned.

6 (2) This section (~~shall~~) does not apply to child support  
7 collection actions taken under chapter 26.18, 26.23, or 74.20A RCW  
8 against benefits payable under any such plan or arrangement. Benefits  
9 under this chapter (~~shall-be~~) are payable to a spouse or ex-spouse  
10 to the extent expressly provided for in any court decree of  
11 dissolution or legal separation or in any court order or court-  
12 approved property settlement agreement incident to any court decree  
13 of dissolution or legal separation.

14 (3) Subsection (1) of this section does not exempt any pension or  
15 other benefit received under this chapter from tax under Title 82A  
16 RCW (the new title created in section 1502 of this act), nor does it  
17 prohibit the department of retirement systems from complying with the  
18 tax withholding requirements of that title.

19 **Sec. 1010.** RCW 41.26.053 and 2012 c 159 s 21 are each amended to  
20 read as follows:

21 (1) Subject to subsections (2) (~~and~~), (3), and (4) of this  
22 section, the right of a person to a retirement allowance, disability  
23 allowance, or death benefit, to the return of accumulated  
24 contributions, the retirement, disability or death allowance itself,  
25 any optional benefit, any other right accrued or accruing to any  
26 person under the provisions of this chapter, and the moneys in the  
27 fund created under this chapter, are hereby exempt from any state,  
28 county, municipal, or other local tax and (~~shall~~) are not (~~be~~)  
29 subject to execution, garnishment, attachment, the operation of  
30 bankruptcy or insolvency laws, or any other process of law  
31 whatsoever, whether the same be in actual possession of the person or  
32 be deposited or loaned and (~~shall-be~~) are unassignable.

33 (2) On the written request of any person eligible to receive  
34 benefits under this section, the department may deduct from such  
35 payments the premiums for life, health, or other insurance. The  
36 request on behalf of any child or children (~~shall~~) must be made by  
37 the legal guardian of such child or children. The department may  
38 provide for such persons one or more plans of group insurance,

1 through contracts with regularly constituted insurance carriers or  
2 health care service contractors.

3 (3) Subsection (1) of this section (~~shall~~) does not prohibit  
4 the department from complying with (a) a wage assignment order for  
5 child support issued pursuant to chapter 26.18 RCW, (b) an order to  
6 withhold and deliver issued pursuant to chapter 74.20A RCW, (c) a  
7 notice of payroll deduction issued pursuant to RCW 26.23.060, (d) a  
8 mandatory benefits assignment order issued by the department, (e) a  
9 court order directing the department of retirement systems to pay  
10 benefits directly to an obligee under a dissolution order as defined  
11 in RCW 41.50.500(3) which fully complies with RCW 41.50.670 and  
12 41.50.700, or (f) any administrative or court order expressly  
13 authorized by federal law.

14 (4) Subsection (1) of this section does not exempt any pension or  
15 other benefit received under this chapter from tax under Title 82A  
16 RCW (the new title created in section 1502 of this act), nor does it  
17 prohibit the department of retirement systems from complying with the  
18 tax withholding requirements of that title.

19 **Sec. 1011.** RCW 43.43.310 and 2012 c 159 s 28 are each amended to  
20 read as follows:

21 (1) Except as provided in subsections (2) (~~and~~), (3), and (4)  
22 of this section, the right of any person to a retirement allowance or  
23 optional retirement allowance under (~~the provisions hereof~~) this  
24 section and all moneys and investments and income thereof are exempt  
25 from any state, county, municipal, or other local tax and (~~shall~~)  
26 are not (~~be~~) subject to execution, garnishment, attachment, the  
27 operation of bankruptcy or the insolvency laws, or other processes of  
28 law whatsoever, whether the same be in actual possession of the  
29 person or be deposited or loaned and (~~shall be~~) are unassignable  
30 except as herein specifically provided.

31 (2) Subsection (1) of this section (~~shall~~) does not prohibit  
32 the department of retirement systems from complying with (a) a wage  
33 assignment order for child support issued pursuant to chapter 26.18  
34 RCW, (b) an order to withhold and deliver issued pursuant to chapter  
35 74.20A RCW, (c) a notice of payroll deduction issued pursuant to RCW  
36 26.23.060, (d) a mandatory benefits assignment order issued pursuant  
37 to chapter 41.50 RCW, (e) a court order directing the department of  
38 retirement systems to pay benefits directly to an obligee under a  
39 dissolution order as defined in RCW 41.50.500(3) which fully complies

1 with RCW 41.50.670 and 41.50.700, or (f) any administrative or court  
2 order expressly authorized by federal law.

3 (3) Subsection (1) of this section (~~shall not be deemed to~~)  
4 does not prohibit a beneficiary of a retirement allowance from  
5 authorizing deductions therefrom for payment of premiums due on any  
6 group insurance policy or plan issued for the benefit of a group  
7 comprised of members of the Washington state patrol or other public  
8 employees of the state of Washington, or for contributions to the  
9 Washington state patrol memorial foundation.

10 (4) Subsection (1) of this section does not exempt any pension or  
11 other benefit received under this chapter from tax under Title 82A  
12 RCW (the new title created in section 1502 of this act), nor does it  
13 prohibit the department of retirement systems from complying with the  
14 tax withholding requirements of that title.

15 NEW SECTION. Sec. 1012. RCW 6.15.025 (Exemption of pension or  
16 retirement plan benefits from execution for judgment for out-of-state  
17 income tax) and 1991 c 123 s 3 are each repealed.

## 18 PART XI

### 19 REDUCING THE STATE SALES TAX

20 **Sec. 1101.** RCW 82.08.020 and 2014 c 140 s 12 are each amended to  
21 read as follows:

22 (1) Beginning January 1, 2018, there is levied and collected a  
23 tax equal to (~~six~~) five and five-tenths percent of the selling  
24 price on each retail sale in this state of:

25 (a) Tangible personal property, unless the sale is specifically  
26 excluded from the RCW 82.04.050 definition of retail sale;

27 (b) Digital goods, digital codes, and digital automated services,  
28 if the sale is included within the RCW 82.04.050 definition of retail  
29 sale;

30 (c) Services, other than digital automated services, included  
31 within the RCW 82.04.050 definition of retail sale;

32 (d) Extended warranties to consumers; and

33 (e) Anything else, the sale of which is included within the RCW  
34 82.04.050 definition of retail sale.

35 (2) There is levied and collected an additional tax on each  
36 retail car rental, regardless of whether the vehicle is licensed in  
37 this state, equal to five and nine-tenths percent of the selling

1 price. The revenue collected under this subsection must be deposited  
2 in the multimodal transportation account created in RCW 47.66.070.

3 (3) Beginning July 1, 2003, there is levied and collected an  
4 additional tax of three-tenths of one percent of the selling price on  
5 each retail sale of a motor vehicle in this state, other than retail  
6 car rentals taxed under subsection (2) of this section. The revenue  
7 collected under this subsection must be deposited in the multimodal  
8 transportation account created in RCW 47.66.070.

9 (4) For purposes of subsection (3) of this section, "motor  
10 vehicle" has the meaning provided in RCW 46.04.320, but does not  
11 include:

12 (a) Farm tractors or farm vehicles as defined in RCW 46.04.180  
13 and 46.04.181, unless the farm tractor or farm vehicle is for use in  
14 the production of marijuana;

15 (b) Off-road vehicles as defined in RCW 46.04.365;

16 (c) Nonhighway vehicles as defined in RCW 46.09.310; and

17 (d) Snowmobiles as defined in RCW 46.04.546.

18 (5) Beginning on December 8, 2005, 0.16 percent of the taxes  
19 collected under subsection (1) of this section must be dedicated to  
20 funding comprehensive performance audits required under RCW  
21 43.09.470. The revenue identified in this subsection must be  
22 deposited in the performance audits of government account created in  
23 RCW 43.09.475.

24 (6) The taxes imposed under this chapter apply to successive  
25 retail sales of the same property.

26 (7) The rates provided in this section apply to taxes imposed  
27 under chapter 82.12 RCW as provided in RCW 82.12.020.

## 28 PART XII

### 29 ELIMINATING THE STATE PROPERTY TAX

30 **Sec. 1201.** RCW 84.52.065 and 1991 sp.s. c 31 s 16 are each  
31 amended to read as follows:

32 (1) Subject to the limitations in RCW 84.55.010, in each year the  
33 state (~~shall levy~~) levies for collection in the following year for  
34 the support of common schools of the state a tax of three dollars and  
35 sixty cents per thousand dollars of assessed value upon the assessed  
36 valuation of all taxable property within the state adjusted to the  
37 state equalized value in accordance with the indicated ratio fixed by

1 the state department of revenue. The state may not levy a tax for  
2 collection in calendar year 2018 and each year thereafter.

3 (2) As used in this section, "the support of common schools"  
4 includes the payment of the principal and interest on bonds issued  
5 for capital construction projects for the common schools.

6 **Sec. 1202.** RCW 84.52.043 and 2009 c 551 s 6 are each amended to  
7 read as follows:

8 Within and subject to the limitations imposed by RCW 84.52.050 as  
9 amended, the regular ad valorem tax levies upon real and personal  
10 property by the taxing districts hereafter named (~~shall be~~) are as  
11 follows:

12 (1) Levies of the senior taxing districts (~~shall be~~) are as  
13 follows: (a) The (~~levy by the state shall not exceed three dollars~~  
14 ~~and sixty cents per thousand dollars of assessed value adjusted to~~  
15 ~~the state equalized value in accordance with the indicated ratio~~  
16 ~~fixed by the state department of revenue to be used exclusively for~~  
17 ~~the support of the common schools; (b) the~~) levy by any county  
18 (~~shall not~~) may exceed one dollar and eighty cents per thousand  
19 dollars of assessed value; (~~(c)~~) (b) the levy by any road district  
20 (~~shall~~) may not exceed two dollars and twenty-five cents per  
21 thousand dollars of assessed value; and (~~(d)~~) (c) the levy by any  
22 city or town (~~shall~~) may not exceed three dollars and thirty-seven  
23 and one-half cents per thousand dollars of assessed value. However  
24 any county is hereby authorized to increase its levy from one dollar  
25 and eighty cents to a rate not to exceed two dollars and forty-seven  
26 and one-half cents per thousand dollars of assessed value for general  
27 county purposes if the total levies for both the county and any road  
28 district within the county do not exceed four dollars and five cents  
29 per thousand dollars of assessed value, and no other taxing district  
30 has its levy reduced as a result of the increased county levy.

31 (2) The aggregate levies of junior taxing districts and senior  
32 taxing districts (~~(, other than the state, shall)~~) may not exceed five  
33 dollars and ninety cents per thousand dollars of assessed valuation.  
34 The term "junior taxing districts" includes all taxing districts  
35 other than the state, counties, road districts, cities, towns, port  
36 districts, and public utility districts. The limitations provided in  
37 this subsection (~~shall~~) do not apply to: (a) Levies at the rates  
38 provided by existing law by or for any port or public utility  
39 district; (b) excess property tax levies authorized in Article VII,

1 section 2 of the state Constitution; (c) levies for acquiring  
2 conservation futures as authorized under RCW 84.34.230; (d) levies  
3 for emergency medical care or emergency medical services imposed  
4 under RCW 84.52.069; (e) levies to finance affordable housing for  
5 very low-income housing imposed under RCW 84.52.105; (f) the portions  
6 of levies by metropolitan park districts that are protected under RCW  
7 84.52.120; (g) levies imposed by ferry districts under RCW 36.54.130;  
8 (h) levies for criminal justice purposes under RCW 84.52.135; (i) the  
9 portions of levies by fire protection districts that are protected  
10 under RCW 84.52.125; and (j) levies by counties for transit-related  
11 purposes under RCW 84.52.140.

12 **Sec. 1203.** RCW 84.52.050 and 1973 1st ex.s. c 194 s 1 are each  
13 amended to read as follows:

14 (1) Except as ((hereinafter)) provided in this section, the  
15 aggregate of all tax levies upon real and personal property by the  
16 state and all taxing districts, now existing or hereafter created,  
17 ((shall)) may not in any year exceed ((one percentum)) seven dollars  
18 per one thousand dollars of the true and fair value of such property  
19 in money((: PROVIDED, HOWEVER, That)).

20 (2) Such aggregate limitation or any specific limitation imposed  
21 by law in conformity therewith may be exceeded only as authorized by  
22 law and in conformity with the provisions of Article VII, section 2  
23 (a), (b), or (c) of the Constitution of the state of Washington.

24 (3) Nothing ((herein shall)) in this section:

25 (a) Prevents levies at the rates now provided by law by or for  
26 any port or public utility district.

27 (b) Nothing herein contained prohibits the legislature from  
28 allocating or reallocating the authority to levy taxes between the  
29 taxing districts of the state and its political subdivisions in a  
30 manner that complies with the aggregate tax limitation set forth in  
31 this section.

32 (4) The term "taxing district" for the purposes of this section  
33 ((shall)) means any political subdivision, municipal corporation,  
34 district, or other governmental agency authorized by law to levy, or  
35 have levied for it, ad valorem taxes on property, other than a port  
36 or public utility district. ((Such aggregate limitation or any  
37 specific limitation imposed by law in conformity therewith may be  
38 exceeded only as authorized by law and in conformity with the

1 ~~provisions of Article VII, section 2(a), (b), or (c) of the~~  
2 ~~Constitution of the state of Washington.~~

3 ~~Nothing herein contained shall prohibit the legislature from~~  
4 ~~allocating or reallocating the authority to levy taxes between the~~  
5 ~~taxing districts of the state and its political subdivisions in a~~  
6 ~~manner which complies with the aggregate tax limitation set forth in~~  
7 ~~this section.)~~

8 **Sec. 1204.** RCW 84.55.005 and 2014 c 97 s 316 are each amended to  
9 read as follows:

10 The definitions in this section apply throughout this chapter  
11 unless the context clearly requires otherwise.

12 (1) "Inflation" means the percentage change in the implicit price  
13 deflator for personal consumption expenditures for the United States  
14 as published for the most recent twelve-month period by the bureau of  
15 economic analysis of the federal department of commerce by September  
16 25th of the year before the taxes are payable;

17 (2) "Limit factor" means(~~(+~~

18 ~~(a) For taxing districts with a population of less than ten~~  
19 ~~thousand in the calendar year prior to the assessment year, one~~  
20 ~~hundred one percent;~~

21 ~~(b) For taxing districts for which a limit factor is authorized~~  
22 ~~under RCW 84.55.0101, the lesser of the limit factor authorized under~~  
23 ~~that section or one hundred one percent;~~

24 ~~(c) For all other districts,~~) the lesser of one hundred ((~~one~~))  
25 three percent or one hundred percent plus inflation; and

26 (3) "Regular property taxes" has the meaning given it in RCW  
27 84.04.140.

28 NEW SECTION. **Sec. 1205.** RCW 84.55.0101 (Limit factor—  
29 Authorization for taxing district to use one hundred one percent or  
30 less—Ordinance or resolution) and 2007 sp.s. c 1 s 2 & 1997 c 3 s 204  
31 are each repealed.

32 **Sec. 1206.** RCW 36.58.150 and 1984 c 186 s 25 are each amended to  
33 read as follows:

34 (1) A solid waste disposal district (~~shall~~) does not have the  
35 power to levy an annual levy without voter approval, but it (~~shall~~  
36 ~~have~~) has the power to levy a tax, in excess of the (~~one percent~~)  
37 limitation in RCW 84.52.050, upon the property within the district

1 for a one year period to be used for operating or capital purposes  
2 whenever authorized by the electors of the district pursuant to RCW  
3 84.52.052 and Article VII, section 2(a) of the state Constitution.

4 (a) A solid waste disposal district may issue general obligation  
5 bonds for capital purposes only, subject to the limitations  
6 prescribed in RCW 39.36.020(1), and may provide for the retirement of  
7 the bonds by voter-approved bond retirement tax levies pursuant to  
8 Article VII, section 2(b) of the state Constitution and RCW  
9 84.52.056. Such general obligation bonds (~~(shall)~~) must be issued and  
10 sold in accordance with chapter 39.46 RCW.

11 (b) A solid waste disposal district may issue revenue bonds to  
12 fund its activities. Such revenue bonds may be in any form, including  
13 bearer bonds or registered bonds as provided in RCW 39.46.030.

14 (2) Notwithstanding subsection (1) of this section, such revenue  
15 bonds may be issued and sold in accordance with chapter 39.46 RCW.

16 **Sec. 1207.** RCW 36.60.040 and 1983 c 303 s 11 are each amended to  
17 read as follows:

18 A county rail district is not authorized to impose a regular ad  
19 valorem property tax levy but may:

20 (1) Levy an ad valorem property tax, in excess of the (~~one~~  
21 ~~percent~~) limitation in RCW 84.52.050, upon the property within the  
22 district for a one-year period to be used for operating or capital  
23 purposes whenever authorized by the voters of the district pursuant  
24 to RCW 84.52.052 and Article VII, section 2(a) of the state  
25 Constitution.

26 (2) Provide for the retirement of voter approved general  
27 obligation bonds, issued for capital purposes only, by levying bond  
28 retirement ad valorem property tax levies, in excess of the one  
29 percent limitation, whenever authorized by the voters of the district  
30 pursuant to Article VII, section 2(b) of the state Constitution and  
31 RCW 84.52.056.

32 **Sec. 1208.** RCW 36.69.145 and 2010 c 106 s 303 are each amended  
33 to read as follows:

34 (1) A park and recreation district may impose regular property  
35 tax levies in an amount equal to sixty cents or less per thousand  
36 dollars of assessed value of property in the district in each year  
37 for six consecutive years when specifically authorized so to do by a  
38 majority of at least three-fifths of the voters thereof approving a

1 proposition authorizing the levies submitted at a special election or  
2 at the regular election of the district, at which election the number  
3 of voters voting "yes" on the proposition must constitute three-  
4 fifths of a number equal to forty (~~per centum~~) percent of the  
5 number of voters voting in such district at the last preceding  
6 general election when the number of voters voting on the proposition  
7 does not exceed forty (~~per centum~~) percent of the number of voters  
8 voting in such taxing district in the last preceding general  
9 election; or by a majority of at least three-fifths of the voters  
10 thereof voting on the proposition if the number of voters voting on  
11 the proposition exceeds forty (~~per centum~~) percent of the number of  
12 voters voting in such taxing district in the last preceding general  
13 election. A proposition authorizing the tax levies may not be  
14 submitted by a park and recreation district more than twice in any  
15 twelve-month period. Ballot propositions must conform with RCW  
16 29A.36.210. In the event a park and recreation district is levying  
17 property taxes, which in combination with property taxes levied by  
18 other taxing districts subject to the (~~one percent~~) limitation  
19 provided for in (~~Article 7, section 2, of our state Constitution~~)  
20 RCW 84.52.050 result in taxes in excess of the limitation provided  
21 for in RCW 84.52.043(2), the park and recreation district property  
22 tax levy must be reduced or eliminated as provided in RCW 84.52.010.

23 (2) The limitation in RCW 84.55.010 does not apply to the first  
24 levy imposed under this section following the approval of the levies  
25 by the voters under subsection (1) of this section.

26 **Sec. 1209.** RCW 36.73.060 and 2005 c 336 s 6 are each amended to  
27 read as follows:

28 (1) A district may levy an ad valorem property tax in excess of  
29 the (~~one percent~~) limitation in RCW 84.52.050 upon the property  
30 within the district for a one-year period whenever authorized by the  
31 voters of the district pursuant to RCW 84.52.052 and Article VII,  
32 section 2(a) of the state Constitution.

33 (2) A district may provide for the retirement of voter-approved  
34 general obligation bonds, issued for capital purposes only, by  
35 levying bond retirement ad valorem property tax levies in excess of  
36 the one percent limitation whenever authorized by the voters of the  
37 district pursuant to Article VII, section 2(b) of the state  
38 Constitution and RCW 84.52.056.

1       **Sec. 1210.** RCW 36.83.030 and 1983 c 130 s 3 are each amended to  
2 read as follows:

3       (1) A service district may levy an ad valorem property tax, in  
4 excess of the (~~one percent~~) limitation in RCW 84.52.050, upon the  
5 property within the district for a one-year period whenever  
6 authorized by the voters of the district pursuant to RCW 84.52.052  
7 and Article VII, section 2(a) of the state Constitution.

8       (2) A service district may provide for the retirement of voter  
9 approved general obligation bonds, issued for capital purposes only,  
10 by levying bond retirement ad valorem property tax levies, in excess  
11 of the one percent limitation, whenever authorized by the voters of  
12 the district pursuant to Article VII, section 2(b) of the state  
13 Constitution and RCW 84.52.056.

14       **Sec. 1211.** RCW 36.100.050 and 1988 ex.s. c 1 s 15 are each  
15 amended to read as follows:

16       (1) A public facilities district may levy an ad valorem property  
17 tax, in excess of the (~~one percent~~) limitation in RCW 84.52.050,  
18 upon the property within the district for a one-year period to be  
19 used for operating or capital purposes whenever authorized by the  
20 voters of the district pursuant to RCW 84.52.052 and Article VII,  
21 section 2(a) of the state Constitution.

22       (2) A public facilities district may provide for the retirement  
23 of voter-approved general obligation bonds, issued for capital  
24 purposes only, by levying bond retirement ad valorem property tax  
25 levies, in excess of the one percent limitation, whenever authorized  
26 by the voters of the district pursuant to Article VII, section 2(b)  
27 of the state Constitution and RCW 84.52.056.

28       **Sec. 1212.** RCW 67.38.130 and 1984 c 131 s 4 are each amended to  
29 read as follows:

30       (1) The governing body of a cultural arts, stadium and convention  
31 district may levy or cause to levy the following ad valorem taxes:

32       (~~(1)~~) (a)(i) Regular ad valorem property tax levies in an  
33 amount equal to twenty-five cents or less per thousand dollars of the  
34 assessed value of property in the district in each year for six  
35 consecutive years when specifically authorized so to do by a majority  
36 of at least three-fifths of the electors thereof approving a  
37 proposition authorizing the levies submitted at a general or special  
38 election, at which election the number of persons voting "yes" on the

1 proposition (~~shall~~) constitutes three-fifths of a number equal to  
2 forty (~~percentum~~) percent of the total votes cast in such taxing  
3 district at the last preceding general election; or by a majority of  
4 at least three-fifths of the electors thereof voting on the  
5 proposition when the number of electors voting yes on the proposition  
6 exceeds forty (~~percentum~~) percent of the total votes cast in such  
7 taxing district in the last preceding general election. Ballot  
8 propositions (~~shall~~) must conform with RCW (~~29.30.111~~)  
9 29A.36.210.

10 (ii)(A) In the event a cultural arts, stadium and convention  
11 district is levying property taxes, which in combination with  
12 property taxes levied by other taxing districts subject to the (~~one~~  
13 ~~percent~~) limitation provided for in (~~Article VII, section 2, of our~~  
14 ~~state Constitution~~) RCW 84.52.050 result in taxes in excess of the  
15 limitation provided for in RCW 84.52.043, the cultural arts, stadium  
16 and convention district property tax levy (~~shall~~) must be reduced  
17 or eliminated before the property tax levies of other taxing  
18 districts are reduced(~~(- PROVIDED, That no)~~).

19 (B) Cultural arts, stadium, and convention districts may pledge  
20 anticipated revenues derived from the property tax herein authorized  
21 as security for payments of bonds issued pursuant to (~~subsection~~  
22 ~~(1)~~) (a)(i) of this (~~section: PROVIDED, FURTHER, That such~~)  
23 subsection.

24 (C) The limitation (~~shall~~) in (a)(ii)(A) of this subsection  
25 does not apply to property taxes approved pursuant to (~~subsections~~  
26 ~~(2) and (3)~~) (b) and (c) of this (~~section~~) subsection.

27 (iii) The limitation in RCW 84.55.010 (~~shall apply~~) applies to  
28 levies after the first levy authorized under this section following  
29 the approval of such levy by voters pursuant to this section.

30 (~~(2)~~) (b) An annual excess ad valorem property tax for general  
31 district purposes when authorized by the district voters in the  
32 manner prescribed by (~~section 2,~~) Article VII, section 2 of the  
33 state Constitution and by RCW 84.52.052.

34 (~~(3)~~) (c) Multiyear excess ad valorem property tax levies used  
35 to retire general obligation bond issues when authorized by the  
36 district voters in the manner prescribed by (~~section 2,~~) Article  
37 VII, section 2 of the state Constitution and by RCW 84.52.056.

38 (2) The district (~~shall~~) must include in its regular property  
39 tax levy for each year a sum sufficient to pay the interest and  
40 principal on all outstanding general obligation bonds issued without

1 voter approval pursuant to RCW 67.38.110 and may include a sum  
2 sufficient to create a sinking fund for the redemption of all  
3 outstanding bonds.

4 **Sec. 1213.** RCW 84.52.010 and 2011 1st sp.s. c 28 s 2 are each  
5 amended to read as follows:

6 (1) Except as is permitted under RCW 84.55.050, all taxes must be  
7 levied or voted in specific amounts.

8 (2) The rate percent of all taxes for state and county purposes,  
9 and purposes of taxing districts coextensive with the county, must be  
10 determined, calculated and fixed by the county assessors of the  
11 respective counties, within the limitations provided by law, upon the  
12 assessed valuation of the property of the county, as shown by the  
13 completed tax rolls of the county, and the rate percent of all taxes  
14 levied for purposes of taxing districts within any county must be  
15 determined, calculated and fixed by the county assessors of the  
16 respective counties, within the limitations provided by law, upon the  
17 assessed valuation of the property of the taxing districts  
18 respectively.

19 (3) When a county assessor finds that the aggregate rate of tax  
20 levy on any property, that is subject to the limitations set forth in  
21 RCW 84.52.043 or 84.52.050, exceeds the limitations provided in  
22 either of these sections, the assessor must recompute and establish a  
23 consolidated levy in the following manner:

24 (a) The full certified rates of tax levy for state, county,  
25 county road district, and city or town purposes must be extended on  
26 the tax rolls in amounts not exceeding the limitations established by  
27 law; however any state levy takes precedence over all other levies  
28 and may not be reduced for any purpose other than that required by  
29 RCW 84.55.010. If, as a result of the levies imposed under RCW  
30 36.54.130, 84.34.230, 84.52.069, 84.52.105, the portion of the levy  
31 by a metropolitan park district that was protected under RCW  
32 84.52.120, 84.52.125, 84.52.135, 84.52.140, and the protected portion  
33 of the levy under RCW 86.15.160 by flood control zone districts in a  
34 county with a population of seven hundred seventy-five thousand or  
35 more that are coextensive with a county, the combined rate of regular  
36 property tax levies that are subject to the ~~((one percent))~~  
37 limitation under RCW 84.52.050 exceeds ~~((one percent of the true and~~  
38 ~~fair value of any property))~~ the limitation under RCW 84.52.050, then  
39 these levies must be reduced as follows:

1 (i) The portion of the levy by a metropolitan park district that  
2 has a population of less than one hundred fifty thousand and is  
3 located in a county with a population of one million five hundred  
4 thousand or more that is protected under RCW 84.52.120 must be  
5 reduced until the combined rate no longer exceeds (~~one percent of~~  
6 ~~the true and fair value of any property~~) the limitation under RCW  
7 84.52.050 or must be eliminated;

8 (ii) If the combined rate of regular property tax levies that are  
9 subject to the (~~one percent~~) limitation under RCW 84.52.050 still  
10 exceeds (~~one percent of the true and fair value of any property~~)  
11 the limitation under RCW 84.52.050, the protected portion of the levy  
12 imposed under RCW 86.15.160 by a flood control zone district in a  
13 county with a population of seven hundred seventy-five thousand or  
14 more that is coextensive with a county must be reduced until the  
15 combined rate no longer exceeds (~~one percent of the true and fair~~  
16 ~~value of any property~~) the limitation under RCW 84.52.050 or must be  
17 eliminated;

18 (iii) If the combined rate of regular property tax levies that  
19 are subject to the (~~one percent~~) limitation under RCW 84.52.050  
20 still exceeds (~~one percent of the true and fair value of any~~  
21 ~~property~~) the limitation under RCW 84.52.050, the levy imposed by a  
22 county under RCW 84.52.140 must be reduced until the combined rate no  
23 longer exceeds (~~one percent of the true and fair value of any~~  
24 ~~property~~) the limitation under RCW 84.52.050 or must be eliminated;

25 (iv) If the combined rate of regular property tax levies that are  
26 subject to the (~~one percent~~) limitation under RCW 84.52.050 still  
27 exceeds (~~one percent of the true and fair value of any property~~)  
28 the limitation under RCW 84.52.050, the portion of the levy by a fire  
29 protection district that is protected under RCW 84.52.125 must be  
30 reduced until the combined rate no longer exceeds (~~one percent of~~  
31 ~~the true and fair value of any property~~) the limitation under RCW  
32 84.52.050 or must be eliminated;

33 (v) If the combined rate of regular property tax levies that are  
34 subject to the (~~one percent~~) limitation under RCW 84.52.050 still  
35 exceeds (~~one percent of the true and fair value of any property~~)  
36 the limitation under RCW 84.52.050, the levy imposed by a county  
37 under RCW 84.52.135 must be reduced until the combined rate no longer  
38 exceeds (~~one percent of the true and fair value of any property~~)  
39 the limitation under RCW 84.52.050 or must be eliminated;

1 (vi) If the combined rate of regular property tax levies that are  
2 subject to the (~~one percent~~) limitation under RCW 84.52.050 still  
3 exceeds (~~one percent of the true and fair value of any property~~)  
4 the limitation under RCW 84.52.050, the levy imposed by a ferry  
5 district under RCW 36.54.130 must be reduced until the combined rate  
6 no longer exceeds (~~one percent of the true and fair value of any~~  
7 ~~property~~) the limitation under RCW 84.52.050 or must be eliminated;

8 (vii) If the combined rate of regular property tax levies that  
9 are subject to the (~~one percent~~) limitation under RCW 84.52.050  
10 still exceeds (~~one percent of the true and fair value of any~~  
11 ~~property~~) the limitation under RCW 84.52.050, the portion of the  
12 levy by a metropolitan park district with a population of one hundred  
13 fifty thousand or more that is protected under RCW 84.52.120 must be  
14 reduced until the combined rate no longer exceeds (~~one percent of~~  
15 ~~the true and fair value of any property~~) the limitation under RCW  
16 84.52.050 or must be eliminated;

17 (viii) If the combined rate of regular property tax levies that  
18 are subject to the (~~one percent~~) limitation under RCW 84.52.050  
19 still exceeds (~~one percent of the true and fair value of any~~  
20 ~~property~~) the limitation under RCW 84.52.050, then the levies  
21 imposed under RCW 84.34.230, 84.52.105, and any portion of the levy  
22 imposed under RCW 84.52.069 that is in excess of thirty cents per  
23 thousand dollars of assessed value, must be reduced on a pro rata  
24 basis until the combined rate no longer exceeds (~~one percent of the~~  
25 ~~true and fair value of any property~~) the limitation under RCW  
26 84.52.050 or must be eliminated; and

27 (ix) If the combined rate of regular property tax levies that are  
28 subject to the (~~one percent~~) limitation under RCW 84.52.050 still  
29 exceeds (~~one percent of the true and fair value of any property~~)  
30 the limitation under RCW 84.52.050, then the thirty cents per  
31 thousand dollars of assessed value of tax levy imposed under RCW  
32 84.52.069 must be reduced until the combined rate no longer exceeds  
33 (~~one percent of the true and fair value of any property~~) the  
34 limitation under RCW 84.52.050 or must be eliminated.

35 (b) The certified rates of tax levy subject to these limitations  
36 by all junior taxing districts imposing taxes on such property must  
37 be reduced or eliminated as follows to bring the consolidated levy of  
38 taxes on such property within the provisions of these limitations:

39 (i) First, the certified property tax levy rates of those junior  
40 taxing districts authorized under RCW 36.68.525, 36.69.145,

1 35.95A.100, and 67.38.130 must be reduced on a pro rata basis or  
2 eliminated;

3 (ii) Second, if the consolidated tax levy rate still exceeds  
4 these limitations, the certified property tax levy rates of flood  
5 control zone districts other than the portion of a levy protected  
6 under RCW 84.52.815 must be reduced on a pro rata basis or  
7 eliminated;

8 (iii) Third, if the consolidated tax levy rate still exceeds  
9 these limitations, the certified property tax levy rates of all other  
10 junior taxing districts, other than fire protection districts,  
11 regional fire protection service authorities, library districts, the  
12 first fifty cent per thousand dollars of assessed valuation levies  
13 for metropolitan park districts, and the first fifty cent per  
14 thousand dollars of assessed valuation levies for public hospital  
15 districts, must be reduced on a pro rata basis or eliminated;

16 (iv) Fourth, if the consolidated tax levy rate still exceeds  
17 these limitations, the first fifty cent per thousand dollars of  
18 assessed valuation levies for metropolitan park districts created on  
19 or after January 1, 2002, must be reduced on a pro rata basis or  
20 eliminated;

21 (v) Fifth, if the consolidated tax levy rate still exceeds these  
22 limitations, the certified property tax levy rates authorized to fire  
23 protection districts under RCW 52.16.140 and 52.16.160 and regional  
24 fire protection service authorities under RCW 52.26.140(1) (b) and  
25 (c) must be reduced on a pro rata basis or eliminated; and

26 (vi) Sixth, if the consolidated tax levy rate still exceeds these  
27 limitations, the certified property tax levy rates authorized for  
28 fire protection districts under RCW 52.16.130, regional fire  
29 protection service authorities under RCW 52.26.140(1)(a), library  
30 districts, metropolitan park districts created before January 1,  
31 2002, under their first fifty cent per thousand dollars of assessed  
32 valuation levy, and public hospital districts under their first fifty  
33 cent per thousand dollars of assessed valuation levy, must be reduced  
34 on a pro rata basis or eliminated.

35 **Sec. 1214.** RCW 84.52.010 and 2009 c 551 s 7 are each amended to  
36 read as follows:

37 (1) Except as is permitted under RCW 84.55.050, all taxes  
38 (~~shall~~) must be levied or voted in specific amounts.

1       (2) The rate percent of all taxes for state and county purposes,  
2 and purposes of taxing districts coextensive with the county,  
3 ~~((shall))~~ must be determined, calculated and fixed by the county  
4 assessors of the respective counties, within the limitations provided  
5 by law, upon the assessed valuation of the property of the county, as  
6 shown by the completed tax rolls of the county, and the rate percent  
7 of all taxes levied for purposes of taxing districts within any  
8 county ~~((shall))~~ must be determined, calculated and fixed by the  
9 county assessors of the respective counties, within the limitations  
10 provided by law, upon the assessed valuation of the property of the  
11 taxing districts respectively.

12       (3) When a county assessor finds that the aggregate rate of tax  
13 levy on any property, that is subject to the limitations set forth in  
14 RCW 84.52.043 or 84.52.050, exceeds the limitations provided in  
15 either of these sections, the assessor ~~((shall))~~ must recompute and  
16 establish a consolidated levy in the following manner:

17       ~~((+1))~~ (a) The full certified rates of tax levy for state,  
18 county, county road district, and city or town purposes ~~((shall))~~  
19 must be extended on the tax rolls in amounts not exceeding the  
20 limitations established by law; however any state levy ~~((shall))~~  
21 takes precedence over all other levies and ~~((shall))~~ may not be  
22 reduced for any purpose other than that required by RCW 84.55.010.  
23 If, as a result of the levies imposed under RCW 36.54.130, 84.34.230,  
24 84.52.069, 84.52.105, the portion of the levy by a metropolitan park  
25 district that was protected under RCW 84.52.120, 84.52.125,  
26 84.52.135, and 84.52.140, the combined rate of regular property tax  
27 levies that are subject to the ~~((one percent))~~ limitation under RCW  
28 84.52.050 exceeds ~~((one percent of the true and fair value of any~~  
29 ~~property))~~ the limitation under RCW 84.52.050, then these levies  
30 ~~((shall))~~ must be reduced as follows:

31       ~~((+a))~~ (i) The levy imposed by a county under RCW 84.52.140  
32 ~~((shall))~~ must be reduced until the combined rate no longer exceeds  
33 ~~((one percent of the true and fair value of any property))~~ the  
34 limitation under RCW 84.52.050 or ~~((shall))~~ must be eliminated;

35       ~~((+b))~~ (ii) If the combined rate of regular property tax levies  
36 that are subject to the ~~((one percent))~~ limitation under RCW  
37 84.52.050 still exceeds ~~((one percent of the true and fair value of~~  
38 ~~any property))~~ the limitation under RCW 84.52.050, the portion of the  
39 levy by a fire protection district that is protected under RCW  
40 84.52.125 ~~((shall))~~ must be reduced until the combined rate no longer

1 exceeds (~~one percent of the true and fair value of any property~~)  
2 the limitation under RCW 84.52.050 or (~~shall~~) must be eliminated;

3 (~~(c)~~) (iii) If the combined rate of regular property tax levies  
4 that are subject to the (~~one percent~~) limitation under RCW  
5 84.52.050 still exceeds (~~one percent of the true and fair value of~~  
6 ~~any property~~) the limitation under RCW 84.52.050, the levy imposed  
7 by a county under RCW 84.52.135 must be reduced until the combined  
8 rate no longer exceeds (~~one percent of the true and fair value of~~  
9 ~~any property~~) the limitation under RCW 84.52.050 or must be  
10 eliminated;

11 (~~(d)~~) (iv) If the combined rate of regular property tax levies  
12 that are subject to the (~~one percent~~) limitation under RCW  
13 84.52.050 still exceeds (~~one percent of the true and fair value of~~  
14 ~~any property~~) the limitation under RCW 84.52.050, the levy imposed  
15 by a ferry district under RCW 36.54.130 must be reduced until the  
16 combined rate no longer exceeds (~~one percent of the true and fair~~  
17 ~~value of any property~~) the limitation under RCW 84.52.050 or must be  
18 eliminated;

19 (~~(e)~~) (v) If the combined rate of regular property tax levies  
20 that are subject to the (~~one percent~~) limitation under RCW  
21 84.52.050 still exceeds (~~one percent of the true and fair value of~~  
22 ~~any property~~) the limitation under RCW 84.52.050, the portion of the  
23 levy by a metropolitan park district that is protected under RCW  
24 84.52.120 (~~shall~~) must be reduced until the combined rate no longer  
25 exceeds (~~one percent of the true and fair value of any property~~)  
26 the limitation under RCW 84.52.050 or (~~shall~~) must be eliminated;

27 (~~(f)~~) (vi) If the combined rate of regular property tax levies  
28 that are subject to the (~~one percent~~) limitation under RCW  
29 84.52.050 still exceeds (~~one percent of the true and fair value of~~  
30 ~~any property~~) the limitation under RCW 84.52.050, then the levies  
31 imposed under RCW 84.34.230, 84.52.105, and any portion of the levy  
32 imposed under RCW 84.52.069 that is in excess of thirty cents per  
33 thousand dollars of assessed value, (~~shall~~) must be reduced on a  
34 pro rata basis until the combined rate no longer exceeds (~~one~~  
35 ~~percent of the true and fair value of any property~~) the limitation  
36 under RCW 84.52.050 or (~~shall~~) must be eliminated; and

37 (~~(g)~~) (vii) If the combined rate of regular property tax levies  
38 that are subject to the (~~one percent~~) limitation under RCW  
39 84.52.050 still exceeds (~~one percent of the true and fair value of~~  
40 ~~any property~~) the limitation under RCW 84.52.050, then the thirty

1 cents per thousand dollars of assessed value of tax levy imposed  
2 under RCW 84.52.069 (~~shall~~) must be reduced until the combined rate  
3 no longer exceeds (~~one percent of the true and fair value of any~~  
4 ~~property~~) the limitation under RCW 84.52.050 or must be eliminated.

5 ((+2)) (b) The certified rates of tax levy subject to these  
6 limitations by all junior taxing districts imposing taxes on such  
7 property (~~shall~~) must be reduced or eliminated as follows to bring  
8 the consolidated levy of taxes on such property within the provisions  
9 of these limitations:

10 ((+a)) (i) First, the certified property tax levy rates of those  
11 junior taxing districts authorized under RCW 36.68.525, 36.69.145,  
12 35.95A.100, and 67.38.130 (~~shall~~) must be reduced on a pro rata  
13 basis or eliminated;

14 ((+b)) (ii) Second, if the consolidated tax levy rate still  
15 exceeds these limitations, the certified property tax levy rates of  
16 flood control zone districts (~~shall~~) must be reduced on a pro rata  
17 basis or eliminated;

18 ((+c)) (iii) Third, if the consolidated tax levy rate still  
19 exceeds these limitations, the certified property tax levy rates of  
20 all other junior taxing districts, other than fire protection  
21 districts, regional fire protection service authorities, library  
22 districts, the first fifty cent per thousand dollars of assessed  
23 valuation levies for metropolitan park districts, and the first fifty  
24 cent per thousand dollars of assessed valuation levies for public  
25 hospital districts, (~~shall~~) must be reduced on a pro rata basis or  
26 eliminated;

27 ((+d)) (iv) Fourth, if the consolidated tax levy rate still  
28 exceeds these limitations, the first fifty cent per thousand dollars  
29 of assessed valuation levies for metropolitan park districts created  
30 on or after January 1, 2002, (~~shall~~) must be reduced on a pro rata  
31 basis or eliminated;

32 ((+e)) (v) Fifth, if the consolidated tax levy rate still  
33 exceeds these limitations, the certified property tax levy rates  
34 authorized to fire protection districts under RCW 52.16.140 and  
35 52.16.160 and regional fire protection service authorities under RCW  
36 52.26.140(1) (b) and (c) (~~shall~~) must be reduced on a pro rata  
37 basis or eliminated; and

38 ((+f)) (vi) Sixth, if the consolidated tax levy rate still  
39 exceeds these limitations, the certified property tax levy rates  
40 authorized for fire protection districts under RCW 52.16.130,

1 regional fire protection service authorities under RCW  
2 52.26.140(1)(a), library districts, metropolitan park districts  
3 created before January 1, 2002, under their first fifty cent per  
4 thousand dollars of assessed valuation levy, and public hospital  
5 districts under their first fifty cent per thousand dollars of  
6 assessed valuation levy, (~~shall~~) must be reduced on a pro rata  
7 basis or eliminated.

8 **Sec. 1215.** RCW 84.69.020 and 2005 c 502 s 9 are each amended to  
9 read as follows:

10 (1) On the order of the county treasurer, ad valorem taxes paid  
11 before or after delinquency (~~shall~~) must be refunded if they were:

12 ~~((1))~~ (a) Paid more than once;

13 ~~((2))~~ (b) Paid as a result of manifest error in description;

14 ~~((3))~~ (c) Paid as a result of a clerical error in extending the  
15 tax rolls;

16 ~~((4))~~ (d) Paid as a result of other clerical errors in listing  
17 property;

18 ~~((5))~~ (e) Paid with respect to improvements which did not exist  
19 on assessment date;

20 ~~((6))~~ (f) Paid under levies or statutes adjudicated to be  
21 illegal or unconstitutional;

22 ~~((7))~~ (g) Paid as a result of mistake, inadvertence, or lack of  
23 knowledge by any person exempted from paying real property taxes or a  
24 portion thereof pursuant to RCW 84.36.381 through 84.36.389, as now  
25 or hereafter amended;

26 ~~((8))~~ (h) Paid as a result of mistake, inadvertence, or lack of  
27 knowledge by either a public official or employee or by any person  
28 with respect to real property in which the person paying the same has  
29 no legal interest;

30 ~~((9))~~ (i) Paid on the basis of an assessed valuation which was  
31 appealed to the county board of equalization and ordered reduced by  
32 the board;

33 ~~((10))~~ (j) Paid on the basis of an assessed valuation which was  
34 appealed to the state board of tax appeals and ordered reduced by the  
35 board(~~:- PROVIDED, That~~). However, the amount refunded under  
36 (~~subsections (9) and (10))~~ (i) and (j) of this (~~section shall~~)  
37 subsection may only be for the difference between the tax paid on the  
38 basis of the appealed valuation and the tax payable on the valuation  
39 adjusted in accordance with the board's order;

1       ~~((11))~~ (k) Paid as a state property tax levied upon property,  
2 the assessed value of which has been established by the state board  
3 of tax appeals for the year of such levy~~((:PROVIDED, HOWEVER,~~  
4 ~~That))~~. However, the amount refunded ~~((shall))~~ may only be for the  
5 difference between the state property tax paid and the amount of  
6 state property tax which would, when added to all other property  
7 taxes within the ~~((one percent))~~ limitation of Article VII, section 2  
8 of the state Constitution equal ~~((one percent))~~ the percentage under  
9 RCW 84.52.050 of the assessed value established by the board;

10       ~~((12))~~ (l) Paid on the basis of an assessed valuation which was  
11 adjudicated to be unlawful or excessive~~((:PROVIDED, That))~~. However,  
12 the amount refunded ~~((shall be))~~ is for the difference between the  
13 amount of tax which was paid on the basis of the valuation adjudged  
14 unlawful or excessive and the amount of tax payable on the basis of  
15 the assessed valuation determined as a result of the proceeding;

16       ~~((13))~~ (m) Paid on property acquired under RCW 84.60.050, and  
17 canceled under RCW 84.60.050(2);

18       ~~((14))~~ (n) Paid on the basis of an assessed valuation that was  
19 reduced under RCW 84.48.065;

20       ~~((15))~~ (o) Paid on the basis of an assessed valuation that was  
21 reduced under RCW 84.40.039; or

22       ~~((16))~~ (p) Abated under RCW 84.70.010.

23       (2) No refunds under the provisions of this section ~~((shall))~~ may  
24 be made because of any error in determining the valuation of  
25 property, except as authorized in subsection~~((s (9), (10), (11), and~~  
26 ~~(12))~~ (1)(i), (j), (k), and (l) of this section nor may any refunds  
27 be made if a bona fide purchaser has acquired rights that would  
28 preclude the assessment and collection of the refunded tax from the  
29 property that should properly have been charged with the tax. Any  
30 refunds made on delinquent taxes ~~((shall))~~ must include the  
31 proportionate amount of interest and penalties paid. However, no  
32 refunds as a result of an incorrect payment authorized under  
33 subsection ~~((8))~~ (1)(h) of this section made by a third party payee  
34 ~~((shall))~~ may be granted. The county treasurer may deduct from moneys  
35 collected for the benefit of the state's levy, refunds of the state  
36 levy including interest on the levy as provided by this section and  
37 chapter 84.68 RCW.

38       (3) The county treasurer of each county ~~((shall))~~ must make all  
39 refunds determined to be authorized by this section, and by the first  
40 Monday in February of each year, report to the county legislative

1 authority a list of all refunds made under this section during the  
2 previous year. The list is to include the name of the person  
3 receiving the refund, the amount of the refund, and the reason for  
4 the refund.

5 **Sec. 1216.** RCW 39.89.020 and 2001 c 212 s 2 are each amended to  
6 read as follows:

7 The definitions in this section apply throughout this chapter  
8 unless the context clearly requires otherwise.

9 (1) "Assessed value of real property" means the valuation of real  
10 property as placed on the last completed assessment roll.

11 (2) "Local government" means any city, town, county, port  
12 district, or any combination thereof.

13 (3) "Ordinance" means any appropriate method of taking  
14 legislative action by a local government.

15 (4) "Public improvements" means:

16 (a) Infrastructure improvements within the increment area that  
17 include:

18 (i) Street and road construction and maintenance;

19 (ii) Water and sewer system construction and improvements;

20 (iii) Sidewalks and streetlights;

21 (iv) Parking, terminal, and dock facilities;

22 (v) Park and ride facilities of a transit authority;

23 (vi) Park facilities and recreational areas; and

24 (vii) Storm water and drainage management systems; and

25 (b) Expenditures for any of the following purposes:

26 (i) Providing environmental analysis, professional management,  
27 planning, and promotion within the increment area, including the  
28 management and promotion of retail trade activities in the increment  
29 area;

30 (ii) Providing maintenance and security for common or public  
31 areas in the increment area; or

32 (iii) Historic preservation activities authorized under RCW  
33 35.21.395.

34 (5) "Public improvement costs" means the costs of: (a) Design,  
35 planning, acquisition, site preparation, construction,  
36 reconstruction, rehabilitation, improvement, and installation of  
37 public improvements; (b) relocating, maintaining, and operating  
38 property pending construction of public improvements; (c) relocating  
39 utilities as a result of public improvements; (d) financing public

1 improvements, including interest during construction, legal and other  
2 professional services, taxes, insurance, principal and interest costs  
3 on general indebtedness issued to finance public improvements, and  
4 any necessary reserves for general indebtedness; (e) assessments  
5 incurred in revaluing real property for the purpose of determining  
6 the tax allocation base value that are in excess of costs incurred by  
7 the assessor in accordance with the revaluation plan under chapter  
8 84.41 RCW, and the costs of apportioning the taxes and complying with  
9 this chapter and other applicable law; and (f) administrative  
10 expenses and feasibility studies reasonably necessary and related to  
11 these costs, including related costs that may have been incurred  
12 before adoption of the ordinance authorizing the public improvements  
13 and the use of community revitalization financing to fund the costs  
14 of the public improvements.

15 (6) "Regular property taxes" means regular property taxes as  
16 defined in RCW 84.04.140, ~~except((;—(a)))~~ regular property taxes  
17 levied by port districts or public utility districts specifically for  
18 the purpose of making required payments of principal and interest on  
19 general indebtedness((; and (b) regular property taxes levied by the  
20 state for the support of the common schools under RCW 84.52.065)).  
21 Regular property taxes do not include excess property tax levies that  
22 are exempt from the aggregate limits for junior and senior taxing  
23 districts as provided in RCW 84.52.043.

24 (7) "Tax allocation base value" means the true and fair value of  
25 real property located within an increment area for taxes imposed in  
26 the year in which the increment area is created, plus twenty-five  
27 percent of any increase in the true and fair value of real property  
28 located within an increment area that is placed on the assessment  
29 rolls after the increment area is created.

30 (8) "Tax allocation revenues" means those tax revenues derived  
31 from the imposition of regular property taxes on the increment value  
32 and distributed to finance public improvements.

33 (9) "Increment area" means the geographic area from which taxes  
34 are to be appropriated to finance public improvements authorized  
35 under this chapter.

36 (10) "Increment value" means seventy-five percent of any increase  
37 in the true and fair value of real property in an increment area that  
38 is placed on the tax rolls after the increment area is created.

1 (11) "Taxing districts" means a governmental entity that levies  
2 or has levied for it regular property taxes upon real property  
3 located within a proposed or approved increment area.

4 (12) "Value of taxable property" means the value of the taxable  
5 property as defined in RCW 39.36.015.

6 **Sec. 1217.** RCW 43.99H.060 and 2009 c 500 s 8 and 2009 c 479 s 32  
7 are each reenacted and amended to read as follows:

8 (1) For bonds issued for the purposes of RCW 43.99H.020(16), on  
9 each date on which any interest or principal and interest payment is  
10 due, the board of regents or the board of trustees of Washington  
11 State University shall cause the amount computed in RCW 43.99H.040(1)  
12 to be paid out of the appropriate building account or capital  
13 projects account to the state treasurer for deposit into the general  
14 fund of the state treasury.

15 (2) For bonds issued for the purposes of RCW 43.99H.020(15), on  
16 each date on which any interest or principal and interest payment is  
17 due, the state treasurer shall transfer the amount computed in RCW  
18 43.99H.040(2) from the capitol campus reserve account, hereby created  
19 in the state treasury, to the general fund of the state treasury. At  
20 the time of sale of the bonds issued for the purposes of RCW  
21 43.99H.020(15), and on or before June 30th of each succeeding year  
22 while such bonds remain outstanding, the state finance committee  
23 shall determine, based on current balances and estimated receipts and  
24 expenditures from the capitol campus reserve account, that portion of  
25 principal and interest on such RCW 43.99H.020(15) bonds which will,  
26 by virtue of payments from the capitol campus reserve account, be  
27 reimbursed from sources other than "general state revenues" as that  
28 term is defined in Article VIII, section 1 of the state Constitution.

29 (3) For bonds issued for the purposes of RCW 43.99H.020(17), on  
30 each date on which any interest or principal and interest payment is  
31 due, the director of the department of labor and industries shall  
32 cause fifty percent of the amount computed in RCW 43.99H.040(3) to be  
33 transferred from the accident fund created in RCW 51.44.010 and fifty  
34 percent of the amount computed in RCW 43.99H.040(3) to be transferred  
35 from the medical aid fund created in RCW 51.44.020, to the general  
36 fund of the state treasury.

37 (4) For bonds issued for the purposes of RCW 43.99H.020(18), on  
38 each date on which any interest or principal and interest payment is  
39 due, the board of regents of the University of Washington shall cause

1 the amount computed in RCW 43.99H.040(4) to be paid out of University  
2 of Washington nonappropriated local funds to the state treasurer for  
3 deposit into the general fund of the state treasury.

4 ~~((5) For bonds issued for the purposes of RCW 43.99H.020(4), on  
5 each date on which any interest or principal and interest payment is  
6 due, the state treasurer shall transfer from property taxes in the  
7 state general fund levied for the support of the common schools under  
8 RCW 84.52.065 to the general fund of the state treasury for  
9 unrestricted use the amount computed in RCW 43.99H.040(6).))~~

10 **Sec. 1218.** RCW 43.99I.040 and 2011 1st sp.s. c 43 s 612 are each  
11 amended to read as follows:

12 (1) ~~((On each date on which any interest or principal and  
13 interest payment is due on bonds issued for the purposes of RCW  
14 43.99I.020(4), the state treasurer shall transfer from property taxes  
15 in the state general fund levied for this support of the common  
16 schools under RCW 84.52.065 to the general fund of the state treasury  
17 for unrestricted use the amount computed in RCW 43.99I.030 for the  
18 bonds issued for the purposes of RCW 43.99I.020(4).~~

19 ~~(2))~~ On each date on which any interest or principal and  
20 interest payment is due on bonds issued for the purposes of RCW  
21 43.99I.020(~~((5))~~) (4), the state treasurer (~~(shall)~~) must transfer  
22 from higher education operating fees deposited in the general fund to  
23 the general fund of the state treasury for unrestricted use, or if  
24 chapter 231, Laws of 1992 (Senate Bill No. 6285) becomes law and  
25 changes the disposition of higher education operating fees from the  
26 general fund to another account, the state treasurer shall transfer  
27 the proportional share from the University of Washington operating  
28 fees account, the Washington State University operating fees account,  
29 and the Central Washington University operating fees account the  
30 amount computed in RCW 43.99I.030 for the bonds issued for the  
31 purposes of RCW 43.99I.020(~~((6))~~) (5).

32 ~~((3))~~ (2) On each date on which any interest or principal and  
33 interest payment is due on bonds issued for the purposes of RCW  
34 43.99I.020(~~((6))~~) (5), the state treasurer (~~(shall)~~) must transfer  
35 from the data processing revolving fund created in RCW 43.19.791 to  
36 the general fund of the state treasury the amount computed in RCW  
37 43.99I.030 for the bonds issued for the purposes of RCW  
38 43.99I.020(~~((6))~~) (5).



1 commercial or industrial use, multiplied by the rate of ((~~0.484~~))  
2 0.2904 percent.

3 (2) The measure of the tax is the value of the products,  
4 including by-products, so extracted, regardless of the place of sale  
5 or the fact that deliveries may be made to points outside the state.

6 **Sec. 1302.** RCW 82.04.240 and 2004 c 24 s 4 are each amended to  
7 read as follows:

8 (1) Upon every person engaging within this state in business as a  
9 manufacturer, except persons taxable as manufacturers under other  
10 provisions of this chapter; as to such persons the amount of the tax  
11 with respect to such business ((~~shall be~~)) is equal to the value of  
12 the products, including by-products, manufactured, multiplied by the  
13 rate of ((~~0.484~~)) 0.2904 percent.

14 (2) The measure of the tax is the value of the products,  
15 including by-products, so manufactured regardless of the place of  
16 sale or the fact that deliveries may be made to points outside the  
17 state.

18 **Sec. 1303.** RCW 82.04.240 and 2010 c 114 s 104 are each amended  
19 to read as follows:

20 (1) Upon every person engaging within this state in business as a  
21 manufacturer, except persons taxable as manufacturers under other  
22 provisions of this chapter; as to such persons the amount of the tax  
23 with respect to such business is equal to the value of the products,  
24 including by-products, manufactured, multiplied by the rate of  
25 ((~~0.484~~)) 0.2904 percent.

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

35 (b) A person reporting under the tax rate provided in this  
36 subsection (2) must file a complete annual report with the department  
37 under RCW 82.32.534.

1 (c) This subsection (2) expires twelve years after the effective  
2 date of this act.

3 (3) The measure of the tax is the value of the products,  
4 including by-products, so manufactured regardless of the place of  
5 sale or the fact that deliveries may be made to points outside the  
6 state.

7 **Sec. 1304.** RCW 82.04.250 and 2014 c 97 s 402 are each amended to  
8 read as follows:

9 (1) Upon every person engaging within this state in the business  
10 of making sales at retail, except persons taxable as retailers under  
11 other provisions of this chapter, as to such persons, the amount of  
12 tax with respect to such business is equal to the gross proceeds of  
13 sales of the business, multiplied by the rate of (~~(0.471)~~) 0.2904  
14 percent.

15 (2) Upon every person engaging within this state in the business  
16 of making sales at retail that are exempt from the tax imposed under  
17 chapter 82.08 RCW by reason of RCW 82.08.0261, 82.08.0262, or  
18 82.08.0263, except persons taxable under RCW 82.04.260(11) or  
19 subsection (3) of this section, as to such persons, the amount of tax  
20 with respect to such business is equal to the gross proceeds of sales  
21 of the business, multiplied by the rate of (~~(0.484)~~) 0.2904 percent.

22 (3)(a) Until July 1, 2040, upon every person classified by the  
23 federal aviation administration as a federal aviation regulation part  
24 145 certificated repair station and that is engaging within this  
25 state in the business of making sales at retail that are exempt from  
26 the tax imposed under chapter 82.08 RCW by reason of RCW 82.08.0261,  
27 82.08.0262, or 82.08.0263, as to such persons, the amount of tax with  
28 respect to such business is equal to the gross proceeds of sales of  
29 the business, multiplied by the rate of .2904 percent.

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

33 **Sec. 1305.** RCW 82.04.257 and 2010 c 111 s 301 are each amended  
34 to read as follows:

35 (1) Except as provided in subsection (2) of this section, upon  
36 every person engaging within this state in the business of making  
37 sales at retail or wholesale of digital goods, digital codes, digital  
38 automated services, or services described in RCW 82.04.050 (2)(g) or

1 (6)(b), as to such persons, the amount of tax with respect to such  
2 business is equal to the gross proceeds of sales of the business,  
3 multiplied by the rate of (~~0.471~~) 0.2904 percent in the case of  
4 retail sales and by the rate of (~~0.484~~) 0.2904 percent in the case  
5 of wholesale sales.

6 (2) Persons providing subscription television services or  
7 subscription radio services are subject to tax under RCW 82.04.290(2)  
8 on the gross income of the business received from providing such  
9 services.

10 (3) For purposes of this section, a person is considered to be  
11 engaging within this state in the business of making sales of digital  
12 goods, digital codes, digital automated services, or services  
13 described in RCW 82.04.050 (2)(g) or (6)(b), if the person makes  
14 sales of digital goods, digital codes, digital automated services, or  
15 services described in RCW 82.04.050 (2)(g) or (6)(b) and the sales  
16 are sourced to this state under RCW 82.32.730 for sales tax purposes  
17 or would have been sourced to this state under RCW 82.32.730 if the  
18 sale had been taxable under chapter 82.08 RCW.

19 (4) A person subject to tax under this section is subject to the  
20 mandatory electronic filing and payment requirements in RCW  
21 82.32.080.

22 **Sec. 1306.** RCW 82.04.260 and 2014 c 140 s 6 and 2014 c 140 s 4  
23 are each reenacted and amended to read as follows:

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

26 (a) Wheat into flour, barley into pearl barley, soybeans into  
27 soybean oil, canola into canola oil, canola meal, or canola by-  
28 products, or sunflower seeds into sunflower oil; as to such persons  
29 the amount of tax with respect to such business is equal to the value  
30 of the flour, pearl barley, oil, canola meal, or canola by-product  
31 manufactured, multiplied by the rate of 0.138 percent;

32 (b) Beginning July 1, 2015, seafood products that remain in a  
33 raw, raw frozen, or raw salted state at the completion of the  
34 manufacturing by that person; or selling manufactured seafood  
35 products that remain in a raw, raw frozen, or raw salted state at the  
36 completion of the manufacturing, to purchasers who transport in the  
37 ordinary course of business the goods out of this state; as to such  
38 persons the amount of tax with respect to such business is equal to  
39 the value of the products manufactured or the gross proceeds derived

1 from such sales, multiplied by the rate of 0.138 percent. Sellers  
2 must keep and preserve records for the period required by RCW  
3 82.32.070 establishing that the goods were transported by the  
4 purchaser in the ordinary course of business out of this state;

5 (c)(i) Beginning July 1, 2015, dairy products; or selling dairy  
6 products that the person has manufactured to purchasers who either  
7 transport in the ordinary course of business the goods out of state  
8 or purchasers who use such dairy products as an ingredient or  
9 component in the manufacturing of a dairy product; as to such persons  
10 the tax imposed is equal to the value of the products manufactured or  
11 the gross proceeds derived from such sales multiplied by the rate of  
12 0.138 percent. Sellers must keep and preserve records for the period  
13 required by RCW 82.32.070 establishing that the goods were  
14 transported by the purchaser in the ordinary course of business out  
15 of this state or sold to a manufacturer for use as an ingredient or  
16 component in the manufacturing of a dairy product.

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

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

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

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

31 (d)(i) Beginning July 1, 2015, fruits or vegetables by canning,  
32 preserving, freezing, processing, or dehydrating fresh fruits or  
33 vegetables, or selling at wholesale fruits or vegetables manufactured  
34 by the seller by canning, preserving, freezing, processing, or  
35 dehydrating fresh fruits or vegetables and sold to purchasers who  
36 transport in the ordinary course of business the goods out of this  
37 state; as to such persons the amount of tax with respect to such  
38 business is equal to the value of the products manufactured or the  
39 gross proceeds derived from such sales multiplied by the rate of  
40 0.138 percent. Sellers must keep and preserve records for the period

1 required by RCW 82.32.070 establishing that the goods were  
2 transported by the purchaser in the ordinary course of business out  
3 of this state.

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

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

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

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

20 (3) Upon every nonprofit corporation and nonprofit association  
21 engaging within this state in research and development, as to such  
22 corporations and associations, the amount of tax with respect to such  
23 activities is equal to the gross income derived from such activities  
24 multiplied by the rate of (~~0.484~~) 0.2904 percent.

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

30 (5) Upon every person engaging within this state in the business  
31 of acting as a travel agent or tour operator; as to such persons the  
32 amount of the tax with respect to such activities is equal to the  
33 gross income derived from such activities multiplied by the rate of  
34 0.275 percent.

35 (6) Upon every person engaging within this state in business as  
36 an international steamship agent, international customs house broker,  
37 international freight forwarder, vessel and/or cargo charter broker  
38 in foreign commerce, and/or international air cargo agent; as to such  
39 persons the amount of the tax with respect to only international

1 activities is equal to the gross income derived from such activities  
2 multiplied by the rate of 0.275 percent.

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

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

37 If the gross income of the taxpayer is attributable to activities  
38 both within and without this state, the gross income attributable to  
39 this state must be determined in accordance with the methods of  
40 apportionment required under RCW 82.04.460.

1 (9) Upon every person engaging within this state as an insurance  
2 producer or title insurance agent licensed under chapter 48.17 RCW or  
3 a surplus line broker licensed under chapter 48.15 RCW; as to such  
4 persons, the amount of the tax with respect to such licensed  
5 activities is equal to the gross income of such business multiplied  
6 by the rate of (~~0.484~~) 0.2904 percent.

7 (10) Upon every person engaging within this state in business as  
8 a hospital, as defined in chapter 70.41 RCW, that is operated as a  
9 nonprofit corporation or by the state or any of its political  
10 subdivisions, as to such persons, the amount of tax with respect to  
11 such activities is equal to the gross income of the business  
12 multiplied by the rate of 0.75 percent through June 30, 1995, and  
13 (~~1.5~~) 1.0 percent thereafter.

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

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

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

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

38 (c) For the purposes of this subsection (11), "commercial  
39 airplane" and "component" have the same meanings as provided in RCW  
40 82.32.550.

1 (d) In addition to all other requirements under this title, a  
2 person reporting under the tax rate provided in this subsection (11)  
3 must file a complete annual report with the department under RCW  
4 82.32.534.

5 (e)(i) Except as provided in (e)(ii) of this subsection (11),  
6 this subsection (11) does not apply on and after July 1, 2040.

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

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

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

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

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

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

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

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

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

1 (iv) "Timber" means forest trees, standing or down, on privately  
2 or publicly owned land. "Timber" does not include Christmas trees  
3 that are cultivated by agricultural methods or short-rotation  
4 hardwoods as 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  
8 hardwoods 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  
15 strand board, medium density fiberboard, and plywood; wood doors;  
16 wood 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  
25 by the rate of (~~0.484~~) 0.2904 percent.

26 (14)(a) Upon every person engaging within this state in the  
27 business of printing a newspaper, publishing a newspaper, or both,  
28 the amount of tax on such business is equal to the gross income of  
29 the 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  
32 department under RCW 82.32.534.

33 **Sec. 1307.** RCW 82.04.270 and 2004 c 24 s 5 are each amended to  
34 read as follows:

35 Upon every person engaging within this state in the business of  
36 making sales at wholesale, except persons taxable as wholesalers  
37 under other provisions of this chapter; as to such persons the amount  
38 of tax with respect to such business (~~shall be~~) is equal to the

1 gross proceeds of sales of such business multiplied by the rate of  
2 ((~~0.484~~)) 0.2904 percent.

3 **Sec. 1308.** RCW 82.04.280 and 2010 c 106 s 205 are each reenacted  
4 and amended to read as follows:

5 (1) Upon every person engaging within this state in the business  
6 of: (a) Printing materials other than newspapers, and of publishing  
7 periodicals or magazines; (b) building, repairing or improving any  
8 street, place, road, highway, easement, right-of-way, mass public  
9 transportation terminal or parking facility, bridge, tunnel, or  
10 trestle which is owned by a municipal corporation or political  
11 subdivision of the state or by the United States and which is used or  
12 to be used, primarily for foot or vehicular traffic including mass  
13 transportation vehicles of any kind and including any readjustment,  
14 reconstruction or relocation of the facilities of any public, private  
15 or cooperatively owned utility or railroad in the course of such  
16 building, repairing or improving, the cost of which readjustment,  
17 reconstruction, or relocation, is the responsibility of the public  
18 authority whose street, place, road, highway, easement, right-of-way,  
19 mass public transportation terminal or parking facility, bridge,  
20 tunnel, or trestle is being built, repaired or improved; (c)  
21 extracting for hire or processing for hire, except persons taxable as  
22 extractors for hire or processors for hire under another section of  
23 this chapter; (d) operating a cold storage warehouse or storage  
24 warehouse, but not including the rental of cold storage lockers; (e)  
25 representing and performing services for fire or casualty insurance  
26 companies as an independent resident managing general agent licensed  
27 under the provisions of chapter 48.17 RCW; (f) radio and television  
28 broadcasting, excluding network, national and regional advertising  
29 computed as a standard deduction based on the national average  
30 thereof as annually reported by the federal communications  
31 commission, or in lieu thereof by itemization by the individual  
32 broadcasting station, and excluding that portion of revenue  
33 represented by the out-of-state audience computed as a ratio to the  
34 station's total audience as measured by the 100 micro-volt signal  
35 strength and delivery by wire, if any; (g) engaging in activities  
36 which bring a person within the definition of consumer contained in  
37 RCW 82.04.190(6); as to such persons, the amount of tax on such  
38 business is equal to the gross income of the business multiplied by  
39 the rate of ((~~0.484~~)) 0.2904 percent.

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

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

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

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

22 NEW SECTION. **Sec. 1309.** The following acts or parts of acts are  
23 each repealed:

- 24 (1) 2010 c 106 s 206;  
25 (2) 2009 c 461 s 3;  
26 (3) 2006 c 300 s 7; and  
27 (4) 2003 c 149 s 4.

28 **Sec. 1310.** RCW 82.04.285 and 2014 c 97 s 303 are each amended to  
29 read as follows:

30 (1) Upon every person engaging within this state in the business  
31 of operating contests of chance; as to such persons, the amount of  
32 tax with respect to the business of operating contests of chance is  
33 equal to the gross income of the business derived from contests of  
34 chance multiplied by the rate of (~~1-5~~) one percent.

35 (2) An additional tax is imposed on those persons subject to tax  
36 in subsection (1) of this section. The amount of the additional tax  
37 with respect to the business of operating contests of chance is equal  
38 to the gross income of the business derived from contests of chance

1 multiplied by the rate of 0.1 percent through June 30, 2006, and 0.13  
2 percent thereafter. The money collected under this subsection (2)  
3 (~~shall~~) must be deposited in the problem gambling account created  
4 in RCW 43.20A.892. This subsection does not apply to businesses  
5 operating contests of chance when the gross income from the operation  
6 of contests of chance is less than fifty thousand dollars per year.

7 (3)(a) For the purpose of this section, "contests of chance"  
8 means any contests, games, gaming schemes, or gaming devices, other  
9 than the state lottery as defined in RCW 67.70.010, in which the  
10 outcome depends in a material degree upon an element of chance,  
11 notwithstanding that skill of the contestants may also be a factor in  
12 the outcome. The term includes social card games, bingo, raffle, and  
13 punchboard games, and pull-tabs as defined in chapter 9.46 RCW.

14 (b) The term does not include: (i) Race meet for the conduct of  
15 which a license must be secured from the Washington horse racing  
16 commission, (ii) "amusement game" as defined in RCW 9.46.0201, or  
17 (iii) any activity that is not subject to regulation by the gambling  
18 commission.

19 (4) "Gross income of the business" does not include the monetary  
20 value or actual cost of any prizes that are awarded, amounts paid to  
21 players for winning wagers, accrual of prizes for progressive jackpot  
22 contests, or repayment of amounts used to seed guaranteed progressive  
23 jackpot prizes.

24 **Sec. 1311.** RCW 82.04.290 and 2014 c 97 s 404 are each reenacted  
25 and amended to read as follows:

26 (1) Upon every person engaging within this state in the business  
27 of providing international investment management services, as to such  
28 persons, the amount of tax with respect to such business is equal to  
29 the gross income or gross proceeds of sales of the business  
30 multiplied by a rate of 0.275 percent.

31 (2)(a) Upon every person engaging within this state in any  
32 business activity other than or in addition to an activity taxed  
33 explicitly under another section in this chapter or subsection (1) or  
34 (3) of this section; as to such persons the amount of tax on account  
35 of such activities is equal to the gross income of the business  
36 multiplied by the rate of (~~1.5~~) one percent.

37 (b) This subsection (2) includes, among others, and without  
38 limiting the scope hereof (whether or not title to materials used in  
39 the performance of such business passes to another by accession,

1 confusion or other than by outright sale), persons engaged in the  
2 business of rendering any type of service which does not constitute a  
3 "sale at retail" or a "sale at wholesale." The value of advertising,  
4 demonstration, and promotional supplies and materials furnished to an  
5 agent by his or her principal or supplier to be used for  
6 informational, educational, and promotional purposes is not  
7 considered a part of the agent's remuneration or commission and is  
8 not subject to taxation under this section.

9 (3)(a) Until July 1, 2040, upon every person engaging within this  
10 state in the business of performing aerospace product development for  
11 others, as to such persons, the amount of tax with respect to such  
12 business is equal to the gross income of the business multiplied by a  
13 rate of (~~(0.9)~~) 0.6 percent.

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

17 (c) "Aerospace product development" has the meaning as provided  
18 in RCW 82.04.4461.

19 **Sec. 1312.** RCW 82.04.2905 and 1998 c 312 s 7 are each amended to  
20 read as follows:

21 Upon every person engaging within this state in the business of  
22 providing child care for periods of less than twenty-four hours; as  
23 to such persons the amount of tax with respect to such business  
24 (~~(shall be)~~) is equal to the gross proceeds derived from such sales  
25 multiplied by the rate of (~~(0.484)~~) 0.2904 percent.

26 **Sec. 1313.** RCW 82.04.2906 and 2003 c 343 s 1 are each amended to  
27 read as follows:

28 (1) Upon every person engaging within this state in the business  
29 of providing intensive inpatient or recovery house residential  
30 treatment services for chemical dependency, certified by the  
31 department of social and health services, for which payment from the  
32 United States or any instrumentality thereof or from the state of  
33 Washington or any municipal corporation or political subdivision  
34 thereof is received as compensation for or to support those services;  
35 as to such persons the amount of tax with respect to such business  
36 (~~(shall be)~~) is equal to the gross income from such services  
37 multiplied by the rate of (~~(0.484)~~) 0.2904 percent.

1 (2) If the persons described in subsection (1) of this section  
2 receive income from sources other than those described in subsection  
3 (1) of this section or provide services other than those named in  
4 subsection (1) of this section, that income and those services are  
5 subject to tax as otherwise provided in this chapter.

6 **Sec. 1314.** RCW 82.04.2907 and 2010 1st sp.s. c 23 s 107 are each  
7 amended to read as follows:

8 (1) Upon every person engaging within this state in the business  
9 of receiving income from royalties, the amount of tax with respect to  
10 the business is equal to the gross income from royalties multiplied  
11 by the rate of (~~(0.484)~~) 0.2904 percent.

12 (2) For the purposes of this section, "gross income from  
13 royalties" means compensation for the use of intangible property,  
14 including charges in the nature of royalties, regardless of where the  
15 intangible property will be used. For purposes of this subsection,  
16 "intangible property" includes copyrights, patents, licenses,  
17 franchises, trademarks, trade names, and similar items. "Gross income  
18 from royalties" does not include compensation for any natural  
19 resource, the licensing of prewritten computer software to the end  
20 user, or the licensing of digital goods, digital codes, or digital  
21 automated services to the end user as defined in RCW 82.04.190(11).

22 **Sec. 1315.** RCW 82.04.298 and 2011 c 2 s 204 are each amended to  
23 read as follows:

24 (1) The amount of tax with respect to a qualified grocery  
25 distribution cooperative's sales of groceries or related goods for  
26 resale, excluding items subject to tax under RCW 82.04.260(4), to  
27 customer-owners of the grocery distribution cooperative is equal to  
28 the gross proceeds of sales of the grocery distribution cooperative  
29 multiplied by the rate of one (~~and one-half~~) percent.

30 (2) A qualified grocery distribution cooperative is allowed a  
31 deduction from the gross proceeds of sales of groceries or related  
32 goods for resale, excluding items subject to tax under RCW  
33 82.04.260(4), to customer-owners of the grocery distribution  
34 cooperative that is equal to the portion of the gross proceeds of  
35 sales for resale that represents the actual cost of the merchandise  
36 sold by the grocery distribution cooperative to customer-owners.

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

1 (a) "Grocery distribution cooperative" means an entity that sells  
2 groceries and related items to customer-owners of the grocery  
3 distribution cooperative and has customer-owners, in the aggregate,  
4 who own a majority of the outstanding ownership interests of the  
5 grocery distribution cooperative or of the entity controlling the  
6 grocery distribution cooperative. "Grocery distribution cooperative"  
7 includes an entity that controls a grocery distribution cooperative.

8 (b) "Qualified grocery distribution cooperative" means:

9 (i) A grocery distribution cooperative that has been determined  
10 by a court of record of the state of Washington to be not engaged in  
11 wholesaling or making sales at wholesale, within the meaning of RCW  
12 82.04.270 or any similar provision of a municipal ordinance that  
13 imposes a tax on gross receipts, gross proceeds of sales, or gross  
14 income, with respect to purchases made by customer-owners, and  
15 subsequently changes its form of doing business to make sales at  
16 wholesale of groceries or related items to its customer-owners; or

17 (ii) A grocery distribution cooperative that has acquired  
18 substantially all of the assets of a grocery distribution cooperative  
19 described in (b)(i) of this subsection.

20 (c) "Customer-owner" means a person who has an ownership interest  
21 in a grocery distribution cooperative and purchases groceries and  
22 related items at wholesale from that grocery distribution  
23 cooperative.

24 (d) "Controlling" means holding fifty percent or more of the  
25 voting interests of an entity and having at least equal power to  
26 direct or cause the direction of the management and policies of the  
27 entity, whether through the ownership of voting securities, by  
28 contract, or otherwise.

29 **Sec. 1316.** RCW 82.04.4461 and 2013 3rd sp.s. c 2 s 9 are each  
30 amended to read as follows:

31 (1)(a)(i) In computing the tax imposed under this chapter, a  
32 credit is allowed for each person for qualified aerospace product  
33 development. For a person who is a manufacturer or processor for hire  
34 of commercial airplanes or components of such airplanes, credit may  
35 be earned for expenditures occurring after December 1, 2003. For all  
36 other persons, credit may be earned only for expenditures occurring  
37 after June 30, 2008.

38 (ii) For purposes of this subsection, "commercial airplane" and  
39 "component" have the same meanings as provided in RCW 82.32.550.

1 (b) Before July 1, 2005, any credits earned under this section  
2 must be accrued and carried forward and may not be used until July 1,  
3 2005. These carryover credits may be used at any time thereafter, and  
4 may be carried over until used. Refunds may not be granted in the  
5 place of a credit.

6 (2) The credit is equal to the amount of qualified aerospace  
7 product development expenditures of a person, multiplied by the rate  
8 of 1.5 percent.

9 (3) Except as provided in subsection (1)(b) of this section the  
10 credit must be claimed against taxes due for the same calendar year  
11 in which the qualified aerospace product development expenditures are  
12 incurred. Credit earned on or after July 1, 2005, may not be carried  
13 over. The credit for each calendar year may not exceed the amount of  
14 tax otherwise due under this chapter for the calendar year. Refunds  
15 may not be granted in the place of a credit.

16 (4) Any person claiming the credit must file a form prescribed by  
17 the department that must include the amount of the credit claimed, an  
18 estimate of the anticipated aerospace product development  
19 expenditures during the calendar year for which the credit is  
20 claimed, an estimate of the taxable amount during the calendar year  
21 for which the credit is claimed, and such additional information as  
22 the department may prescribe.

23 (5) The definitions in this subsection apply throughout this  
24 section.

25 (a) "Aerospace product" has the meaning given in RCW 82.08.975.

26 (b) "Aerospace product development" means research, design, and  
27 engineering activities performed in relation to the development of an  
28 aerospace product or of a product line, model, or model derivative of  
29 an aerospace product, including prototype development, testing, and  
30 certification. The term includes the discovery of technological  
31 information, the translating of technological information into new or  
32 improved products, processes, techniques, formulas, or inventions,  
33 and the adaptation of existing products and models into new products  
34 or new models, or derivatives of products or models. The term does  
35 not include manufacturing activities or other production-oriented  
36 activities, however the term does include tool design and engineering  
37 design for the manufacturing process. The term does not include  
38 surveys and studies, social science and humanities research, market  
39 research or testing, quality control, sale promotion and service,

1 computer software developed for internal use, and research in areas  
2 such as improved style, taste, and seasonal design.

3 (c) "Qualified aerospace product development" means aerospace  
4 product development performed within this state.

5 (d) "Qualified aerospace product development expenditures" means  
6 operating expenses, including wages, compensation of a proprietor or  
7 a partner in a partnership as determined by the department, benefits,  
8 supplies, and computer expenses, directly incurred in qualified  
9 aerospace product development by a person claiming the credit  
10 provided in this section. The term does not include amounts paid to a  
11 person or to the state and any of its departments and institutions,  
12 other than a public educational or research institution to conduct  
13 qualified aerospace product development. The term does not include  
14 capital costs and overhead, such as expenses for land, structures, or  
15 depreciable property.

16 (e) "Taxable amount" means the taxable amount subject to the tax  
17 imposed in this chapter required to be reported on the person's tax  
18 returns during the year in which the credit is claimed, less any  
19 taxable amount for which a credit is allowed under RCW 82.04.440.

20 (6) In addition to all other requirements under this title, a  
21 person claiming the credit under this section must file a complete  
22 annual report with the department under RCW 82.32.534.

23 (7) Credit may not be claimed for expenditures for which a credit  
24 is claimed under RCW 82.04.4452.

25 (8) ~~((This section expires July 1, 2040.))~~ (a) Except as provided  
26 in (b) of this subsection (8), this subsection (8) does not apply on  
27 and after July 1, 2040.

28 (b) With respect to aerospace product development, subsection  
29 (1)(a)(i) of this section does not apply on and after July 1st of the  
30 year in which the department makes a determination that any final  
31 assembly or wing assembly of any version or variant of a commercial  
32 airplane that is the basis of a siting of a significant commercial  
33 airplane manufacturing program in the state under RCW 82.32.850 has  
34 been sited outside the state of Washington. This subsection (8)(b)  
35 only applies to manufacturers of commercial airplanes that are the  
36 basis of a siting of a significant commercial airplane manufacturing  
37 program in the state under RCW 82.32.850.

38 **Sec. 1317.** RCW 82.32.790 and 2010 c 114 s 201 and 2010 c 106 s  
39 401 are each reenacted and amended to read as follows:

1           (1)(a) (~~Section 206, chapter 106, Laws of 2010,~~) Sections 104,  
2 110, 117, 123, 125, 129, 131, and 150, chapter 114, Laws of 2010(~~-,~~  
3 ~~section 3, chapter 461, Laws of 2009, section 7, chapter 300, Laws of~~  
4 ~~2006, and section 4, chapter 149, Laws of 2003)) and section 1303,  
5 chapter . . . , Laws of 2015 (section 1303 of this act) are contingent  
6 upon the siting and commercial operation of a significant  
7 semiconductor microchip fabrication facility in the state of  
8 Washington.~~

9           (b) For the purposes of this section:

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

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

14           (iii) "Significant" means the combined investment of new  
15 buildings and new machinery and equipment in the buildings, at the  
16 commencement of commercial production, will be at least one billion  
17 dollars.

18           (2) Chapter 149, Laws of 2003 takes effect the first day of the  
19 month in which a contract for the construction of a significant  
20 semiconductor fabrication facility is signed, as determined by the  
21 director of the department of revenue.

22           (3)(a) The department of revenue must provide notice of the  
23 effective date of sections 104, 110, 117, 123, 125, 129, 131, and  
24 150, chapter 114, Laws of 2010(~~{,} section 3, chapter 461, Laws of~~  
25 ~~2009, section 7, chapter 300, Laws of 2006, and section 4, chapter~~  
26 ~~149, Laws of 2003)) and section 1303, chapter . . . , Laws of 2015  
27 (section 1303 of this act) to affected taxpayers, the legislature,  
28 and others as deemed appropriate by the department.~~

29           (b) If, after making a determination that a contract has been  
30 signed and chapter 149, Laws of 2003 is effective, the department  
31 discovers that commencement of commercial production did not take  
32 place within three years of the date the contract was signed, the  
33 department must make a determination that chapter 149, Laws of 2003  
34 is no longer effective, and all taxes that would have been otherwise  
35 due are deemed deferred taxes and are immediately assessed and  
36 payable from any person reporting tax under RCW 82.04.240(2) or  
37 claiming an exemption or credit under section 2 or 5 through 10,  
38 chapter 149, Laws of 2003. The department is not authorized to make a  
39 second determination regarding the effective date of chapter 149,  
40 Laws of 2003.

1 PART XIV

2 USING NET REVENUE TO REDUCE SCHOOL DISTRICT DEPENDENCE ON EXCESS  
3 LEVIES FOR MAINTENANCE AND OPERATION SUPPORT OF THE BASIC EDUCATION  
4 PROGRAM

5 **Sec. 1401.** RCW 84.52.0531 and 2010 c 237 s 2 and 2010 c 99 s 11  
6 are each reenacted and amended to read as follows:

7 The maximum dollar amount which may be levied by or for any  
8 school district for maintenance and operation support under the  
9 provisions of RCW 84.52.053 (~~shall be~~) is determined as follows:

10 (1) For excess levies for collection in calendar year 1997, the  
11 maximum dollar amount shall be calculated pursuant to the laws and  
12 rules in effect in November 1996.

13 (2) For excess levies for collection in calendar year 1998 and  
14 thereafter, the maximum dollar amount shall be the sum of (a) plus or  
15 minus (b), (c), and (d) of this subsection minus (e) of this  
16 subsection:

17 (a) The district's levy base as defined in subsection (3) of this  
18 section multiplied by the district's maximum levy percentage as  
19 defined in subsection (4) of this section;

20 (b) For districts in a high/nonhigh relationship, the high school  
21 district's maximum levy amount shall be reduced and the nonhigh  
22 school district's maximum levy amount shall be increased by an amount  
23 equal to the estimated amount of the nonhigh payment due to the high  
24 school district under RCW 28A.545.030(3) and 28A.545.050 for the  
25 school year commencing the year of the levy;

26 (c) Except for nonhigh districts under (d) of this subsection,  
27 for districts in an interdistrict cooperative agreement, the  
28 nonresident school district's maximum levy amount shall be reduced  
29 and the resident school district's maximum levy amount shall be  
30 increased by an amount equal to the per pupil basic education  
31 allocation included in the nonresident district's levy base under  
32 subsection (3) of this section multiplied by:

33 (i) The number of full-time equivalent students served from the  
34 resident district in the prior school year; multiplied by:

35 (ii) The serving district's maximum levy percentage determined  
36 under subsection (4) of this section; increased by:

37 (iii) The percent increase per full-time equivalent student as  
38 stated in the state basic education appropriation section of the

1 biennial budget between the prior school year and the current school  
2 year divided by fifty-five percent;

3 (d) The levy bases of nonhigh districts participating in an  
4 innovation academy cooperative established under RCW 28A.340.080  
5 shall be adjusted by the office of the superintendent of public  
6 instruction to reflect each district's proportional share of student  
7 enrollment in the cooperative;

8 (e) The district's maximum levy amount shall be reduced by the  
9 maximum amount of state matching funds for which the district is  
10 eligible under RCW 28A.500.010.

11 (3) For excess levies for collection in calendar year 1998 and  
12 thereafter, a district's levy base shall be the sum of allocations in  
13 (a) through (c) of this subsection received by the district for the  
14 prior school year, including allocations for compensation increases,  
15 plus the sum of such allocations multiplied by the percent increase  
16 per full time equivalent student as stated in the state basic  
17 education appropriation section of the biennial budget between the  
18 prior school year and the current school year and divided by fifty-  
19 five percent. A district's levy base shall not include local school  
20 district property tax levies or other local revenues, or state and  
21 federal allocations not identified in (a) through (c) of this  
22 subsection.

23 (a) The district's basic education allocation as determined  
24 pursuant to RCW 28A.150.250, 28A.150.260, and 28A.150.350;

25 (b) State and federal categorical allocations for the following  
26 programs:

27 (i) Pupil transportation;

28 (ii) Special education;

29 (iii) Education of highly capable students;

30 (iv) Compensatory education, including but not limited to  
31 learning assistance, migrant education, Indian education, refugee  
32 programs, and bilingual education;

33 (v) Food services; and

34 (vi) Statewide block grant programs; and

35 (c) Any other federal allocations for elementary and secondary  
36 school programs, including direct grants, other than federal impact  
37 aid funds and allocations in lieu of taxes.

38 (4)(a) A district's maximum levy percentage shall be twenty-four  
39 percent in 2010 and twenty-eight percent in 2011 through 2017 and  
40 twenty-four percent every year thereafter;

1 (b) For qualifying districts, in addition to the percentage in  
2 (a) of this subsection the grandfathered percentage determined as  
3 follows:

4 (i) For 1997, the difference between the district's 1993 maximum  
5 levy percentage and twenty percent; (~~and~~)

6 (ii) For 2011 through 2017, the percentage calculated as follows:

7 (A) Multiply the grandfathered percentage for the prior year  
8 times the district's levy base determined under subsection (3) of  
9 this section;

10 (B) Reduce the result of (b)(ii)(A) of this subsection by any  
11 levy reduction funds as defined in subsection (5) of this section  
12 that are to be allocated to the district for the current school year;

13 (C) Divide the result of (b)(ii)(B) of this subsection by the  
14 district's levy base; and

15 (D) Take the greater of zero or the percentage calculated in  
16 (b)(ii)(C) of this subsection;

17 (iii) For 2018 and thereafter, the percentage shall be calculated  
18 as follows:

19 (A) Multiply the grandfathered percentage for the prior year  
20 times the district's levy base determined under subsection (3) of  
21 this section;

22 (B) Reduce the result of (b)(iii)(A) of this subsection by any  
23 levy reduction funds as defined in subsection (5) of this section  
24 that are to be allocated to the district for the current school year;

25 (C) Divide the result of (b)(iii)(B) of this subsection by the  
26 district's levy base; and

27 (D) Take the greater of zero or the percentage calculated in  
28 (b)(iii)(C) of this subsection.

29 (5) "Levy reduction funds" (~~shall~~) means increases in state  
30 funds from the prior school year for programs included under  
31 subsection (3) of this section: (a) That are not attributable to  
32 enrollment changes, compensation increases, or inflationary  
33 adjustments; and (b) that are or were specifically identified as levy  
34 reduction funds in the appropriations act. If levy reduction funds  
35 are dependent on formula factors which would not be finalized until  
36 after the start of the current school year, the superintendent of  
37 public instruction shall estimate the total amount of levy reduction  
38 funds by using prior school year data in place of current school year  
39 data. Levy reduction funds shall not include moneys received by  
40 school districts from cities or counties.

1 (6) For the purposes of this section, "prior school year" means  
2 the most recent school year completed prior to the year in which the  
3 levies are to be collected.

4 (7) For the purposes of this section, "current school year" means  
5 the year immediately following the prior school year.

6 (8) Funds collected from transportation vehicle fund tax levies  
7 shall not be subject to the levy limitations in this section.

8 (9) The superintendent of public instruction shall develop rules  
9 and regulations and inform school districts of the pertinent data  
10 necessary to carry out the provisions of this section.

11 (10) The office of the superintendent of public instruction must  
12 reduce a school district levy authority by an amount no less than  
13 eighty percent of the additional annual basic education allocations  
14 to the district for expenditures that the office identifies as being  
15 supported by school excess levy revenues. It is the intent of the  
16 legislature that the net new revenue generated as a result of the  
17 enactment of chapter . . . , Laws of 2015 (this act) be used to reduce  
18 the dependence of school districts on excess levies for maintenance  
19 and operation support of the basic education program.

20 **PART XV**

21 **MISCELLANEOUS**

22 NEW SECTION. Sec. 1501. SEVERABILITY. If any provision of this  
23 act or its application to any person or circumstance is held invalid,  
24 the remainder of the act or the application of the provision to other  
25 persons or circumstances is not affected.

26 NEW SECTION. Sec. 1502. CODIFICATION. Sections 101 through 810  
27 of this act constitute a new title in the Revised Code of Washington,  
28 to be codified as Title 82A RCW.

29 NEW SECTION. Sec. 1503. CONTINGENT EFFECTIVE DATE. (1) If the  
30 proposed amendment to Article VII of the state Constitution  
31 authorizing income taxes (SJR . . . or HJR . . . (Z-0511/15 or  
32 Z-0522/15)) is validly submitted and is approved and ratified by the  
33 voters at a general election held in November 2016, then this act  
34 takes effect January 1, 2018, except as otherwise provided in  
35 subsection (2) of this section.

1 (2) If the contingency in subsection (1) of this section occurs,  
2 sections 1201, 1203, and 1213 of this act take effect January 1,  
3 2017.

4 NEW SECTION. **Sec. 1504.** EXPIRATION DATE. Section 1213 of this  
5 act expires January 1, 2018.

6 NEW SECTION. **Sec. 1505.** APPLICATION. Part XII of this act  
7 applies to taxes levied for collection in 2018.

8 NEW SECTION. **Sec. 1506.** CONFORMING AMENDMENTS. If any  
9 amendments in this act, or any sections enacted or affected by  
10 chapter . . ., Laws of 2015 (this act), are enacted in a 2015  
11 legislative session that do not take cognizance of chapter . . .,  
12 Laws of 2015 (this act), the code reviser must prepare a bill for  
13 introduction in the 2016 or 2017 legislative session that  
14 incorporates any such amendments into the reorganization adopted by  
15 chapter . . ., Laws of 2015 (this act) and corrects any incorrect  
16 cross-references.

--- END ---