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**SUBSTITUTE SENATE BILL 5799**

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**State of Washington**

**60th Legislature**

**2007 Regular Session**

**By** Senate Committee on Transportation (originally sponsored by Senators Haugen, Prentice, Swecker, Berkey, Marr, Kilmer, Clements, Sheldon, Schoesler and Shin)

READ FIRST TIME 02/07/07.

1 AN ACT Relating to business and occupation tax rates for certain  
2 fuel distributors; reenacting and amending RCW 82.04.260; providing an  
3 effective date; and declaring an emergency.

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

5 **Sec. 1.** RCW 82.04.260 and 2006 c 354 s 4 and 2006 c 300 s 1 are  
6 each reenacted and amended to read as follows:

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

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

15 (b) Beginning July 1, 2012, seafood products which remain in a raw,  
16 raw frozen, or raw salted state at the completion of the manufacturing  
17 by that person; as to such persons the amount of tax with respect to  
18 such business shall be equal to the value of the products manufactured

1 or the gross proceeds derived from such sales, multiplied by the rate  
2 of 0.138 percent;

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

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

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

31 (f) Alcohol fuel or wood biomass fuel, as those terms are defined  
32 in RCW 82.29A.135; as to such persons the amount of tax with respect to  
33 the business shall be equal to the value of alcohol fuel or wood  
34 biomass fuel manufactured, multiplied by the rate of 0.138 percent.

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

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

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

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

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

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

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

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

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

23 (9) Upon every person engaging within this state as an insurance  
24 agent, insurance broker, or insurance solicitor licensed under chapter  
25 48.17 RCW; as to such persons, the amount of the tax with respect to  
26 such licensed activities shall be equal to the gross income of such  
27 business multiplied by the rate of 0.484 percent.

28 (10) Upon every person engaging within this state in business as a  
29 hospital, as defined in chapter 70.41 RCW, that is operated as a  
30 nonprofit corporation or by the state or any of its political  
31 subdivisions, as to such persons, the amount of tax with respect to  
32 such activities shall be equal to the gross income of the business  
33 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5  
34 percent thereafter. The moneys collected under this subsection shall  
35 be deposited in the health services account created under RCW  
36 43.72.900.

37 (11)(a) Beginning October 1, 2005, upon every person engaging  
38 within this state in the business of manufacturing commercial

1 airplanes, or components of such airplanes, as to such persons the  
2 amount of tax with respect to such business shall, in the case of  
3 manufacturers, be equal to the value of the product manufactured, or in  
4 the case of processors for hire, be equal to the gross income of the  
5 business, multiplied by the rate of:

6 (i) 0.4235 percent from October 1, 2005, through the later of June  
7 30, 2007, or the day preceding the date final assembly of a  
8 superefficient airplane begins in Washington state, as determined under  
9 RCW 82.32.550; and

10 (ii) 0.2904 percent beginning on the later of July 1, 2007, or the  
11 date final assembly of a superefficient airplane begins in Washington  
12 state, as determined under RCW 82.32.550.

13 (b) Beginning October 1, 2005, upon every person engaging within  
14 this state in the business of making sales, at retail or wholesale, of  
15 commercial airplanes, or components of such airplanes, manufactured by  
16 that person, as to such persons the amount of tax with respect to such  
17 business shall be equal to the gross proceeds of sales of the airplanes  
18 or components multiplied by the rate of:

19 (i) 0.4235 percent from October 1, 2005, through the later of June  
20 30, 2007, or the day preceding the date final assembly of a  
21 superefficient airplane begins in Washington state, as determined under  
22 RCW 82.32.550; and

23 (ii) 0.2904 percent beginning on the later of July 1, 2007, or the  
24 date final assembly of a superefficient airplane begins in Washington  
25 state, as determined under RCW 82.32.550.

26 (c) For the purposes of this subsection (11), "commercial  
27 airplane," "component," and "final assembly of a superefficient  
28 airplane" have the meanings given in RCW 82.32.550.

29 (d) In addition to all other requirements under this title, a  
30 person eligible for the tax rate under this subsection (11) must report  
31 as required under RCW 82.32.545.

32 (e) This subsection (11) does not apply after the earlier of: July  
33 1, 2024; or December 31, 2007, if assembly of a superefficient airplane  
34 does not begin by December 31, 2007, as determined under RCW 82.32.550.

35 (12)(a) Until July 1, 2024, upon every person engaging within this  
36 state in the business of extracting timber or extracting for hire  
37 timber; as to such persons the amount of tax with respect to the  
38 business shall, in the case of extractors, be equal to the value of

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

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

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

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

27 (i) "Timber products" means logs, wood chips, sawdust, wood waste,  
28 and similar products obtained wholly from the processing of timber;  
29 pulp; and recycled paper products.

30 (ii) "Wood products" means paper and paper products; dimensional  
31 lumber; engineered wood products such as particleboard, oriented strand  
32 board, medium density fiberboard, and plywood; wood doors; and wood  
33 windows.

34 (13) Upon every person engaging within this state in inspecting,  
35 testing, labeling, and storing canned salmon owned by another person,  
36 as to such persons, the amount of tax with respect to such activities  
37 shall be equal to the gross income derived from such activities  
38 multiplied by the rate of 0.484 percent.

1       (14) Until July 1, 2010, upon every person engaging within this  
2 state in the business of making wholesale sales of motor vehicle fuel  
3 or special fuel as a motor vehicle fuel distributor or a special fuel  
4 distributor; as to such persons the amount of tax with respect to the  
5 business shall be equal to the gross proceeds of sales of the motor  
6 vehicle fuel or special fuel multiplied by the rate of 0.2904 percent.  
7 This subsection does not apply to a motor vehicle fuel distributor or  
8 a special fuel distributor that is also a licensee as defined in  
9 chapters 82.36 and 82.38 RCW. The definitions in chapters 82.36 and  
10 82.38 RCW apply to this subsection.

11       NEW SECTION. Sec. 2. This act is necessary for the immediate  
12 preservation of the public peace, health, or safety, or support of the  
13 state government and its existing public institutions, and takes effect  
14 July 1, 2007.

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