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HOUSE BILL 2147

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State of Washington

64th Legislature

2015 Regular Session

By Representatives Robinson, Sells, Sullivan, Pollet, Reykdal, Tharinger, Bergquist, Moscoso, and Santos

Read first time 02/18/15. Referred to Committee on Finance.

1 AN ACT Relating to providing accountability and transparency for  
2 aerospace-related tax incentives; amending RCW 82.04.4461 and  
3 82.32.534; amending 2013 3rd sp.s. c 2 s 1 (uncodified); reenacting  
4 and amending RCW 82.04.260 and 82.04.260; adding a new section to  
5 chapter 82.04 RCW; adding a new section to chapter 82.32 RCW; adding  
6 a new section to chapter 43.135 RCW; creating new sections; providing  
7 an effective date; and declaring an emergency.

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

9 **Sec. 1.** 2013 3rd sp.s. c 2 s 1 (uncodified) is amended to read  
10 as follows:

11 (1) The legislature finds that the people of Washington have  
12 benefited enormously from the presence of the aerospace industry in  
13 Washington state. The legislature further finds that the industry  
14 continues to provide good wages and benefits for the thousands of  
15 engineers, mechanics, and support staff working directly in the  
16 industry throughout the state. The legislature further finds that  
17 suppliers and vendors that support the aerospace industry in turn  
18 provide a range of well-paying jobs. In 2003, and again in 2006, and  
19 2007, the legislature determined it was in the public interest to  
20 encourage the continued presence of the aerospace industry through  
21 the provision of tax incentives. To this end, and in recognition of

1 the continuing extreme importance of the aerospace industry in  
2 Washington, it is the legislature's intent to reaffirm and build upon  
3 prior aerospace tax incentive legislation in a fiscally prudent  
4 manner.

5 (2) The legislature categorizes the tax preferences extended in  
6 this act as intended to create or retain jobs, as indicated in RCW  
7 82.32.808(2)(c).

8 (3) It is the legislature's specific public policy objective to  
9 maintain and grow Washington's aerospace industry workforce to one  
10 hundred thousand five hundred employment positions by 2040. To help  
11 achieve this public policy objective, it is the legislature's intent  
12 to conditionally extend aerospace industry tax preferences until July  
13 1, 2040, in recognition of intent by the state's aerospace industry  
14 sector to maintain and grow its workforce within the state.

15 (4) The joint legislative audit and review committee must review  
16 the tax preferences provided in this act and report to the  
17 legislature by December 1, 2019, and every five years thereafter. As  
18 part of its tax preference reviews, the committee must specifically  
19 assess changes in aerospace industry employment in Washington in  
20 comparison with other states and internationally, assess whether  
21 aerospace industry employment within Washington is on target to reach  
22 an employment level of one hundred thousand five hundred by 2040, and  
23 assess growth in high-wage employment, as defined by an annual or  
24 hourly wage equal or greater than the state median wage. To the  
25 extent practicable, the committee must use occupational data  
26 statistics provided by the bureau of labor statistics and state  
27 agencies responsible for administering unemployment insurance to  
28 perform this assessment.

29 **Sec. 2.** RCW 82.04.260 and 2014 c 140 s 5 and 2014 c 140 s 3 are  
30 each reenacted and amended to read as follows:

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

33 (a) Wheat into flour, barley into pearl barley, soybeans into  
34 soybean oil, canola into canola oil, canola meal, or canola by-  
35 products, or sunflower seeds into sunflower oil; as to such persons  
36 the amount of tax with respect to such business is equal to the value  
37 of the flour, pearl barley, oil, canola meal, or canola by-product  
38 manufactured, multiplied by the rate of 0.138 percent;

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

13 (c)(i) Beginning July 1, 2015, dairy products; or selling dairy  
14 products that the person has manufactured to purchasers who either  
15 transport in the ordinary course of business the goods out of state  
16 or purchasers who use such dairy products as an ingredient or  
17 component in the manufacturing of a dairy product; as to such persons  
18 the tax imposed is equal to the value of the products manufactured or  
19 the gross proceeds derived from such sales multiplied by the rate of  
20 0.138 percent. Sellers must keep and preserve records for the period  
21 required by RCW 82.32.070 establishing that the goods were  
22 transported by the purchaser in the ordinary course of business out  
23 of this state or sold to a manufacturer for use as an ingredient or  
24 component in the manufacturing of a dairy product.

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

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

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

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

39 (d)(i) Beginning July 1, 2015, fruits or vegetables by canning,  
40 preserving, freezing, processing, or dehydrating fresh fruits or

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

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

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

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

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

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

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

38 (5) Upon every person engaging within this state in the business  
39 of acting as a travel agent or tour operator; as to such persons the  
40 amount of the tax with respect to such activities is equal to the

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

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

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

39 (8) Upon every person engaging within this state in the business  
40 of disposing of low-level waste, as defined in RCW 43.145.010; as to

1 such persons the amount of the tax with respect to such business is  
2 equal to the gross income of the business, excluding any fees imposed  
3 under chapter 43.200 RCW, multiplied by the rate of 3.3 percent.

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

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

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

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

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

33 (ii) Except as provided in (f) of this subsection (11), 0.2904  
34 percent beginning July 1, 2007.

35 (b) Beginning July 1, 2008, upon every person who is not eligible  
36 to report under the provisions of (a) of this subsection (11) and is  
37 engaging within this state in the business of manufacturing tooling  
38 specifically designed for use in manufacturing commercial airplanes  
39 or components of such airplanes, or making sales, at retail or  
40 wholesale, of such tooling manufactured by the seller, as to such

1 persons the amount of tax with respect to such business is, in the  
2 case of manufacturers, equal to the value of the product manufactured  
3 and the gross proceeds of sales 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 0.2904 percent.

6 (c) For the purposes of this subsection (11), "commercial  
7 airplane" and "component" have the same meanings as provided in RCW  
8 82.32.550.

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

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

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

26 (f) Beginning with taxes due and payable in calendar year 2014,  
27 and adjusted each calendar year thereafter, the preferential tax  
28 rates under (a)(ii) of this subsection must be modified as provided  
29 in section 4 of this act if the employment level of a significant  
30 aerospace firm is two hundred fifty or more employment positions  
31 below the employment baseline, as determined by the department. The  
32 tax rate adjustment under this subsection (11)(f) only applies to a  
33 significant aerospace firm claiming the preferential rate under this  
34 subsection (11). Except as provided in section 9(2) of this act, the  
35 department must make a determination of any required tax rate  
36 adjustment and notify a taxpayer subject to a rate adjustment under  
37 this subsection (11)(f) by January 1, 2016, and by January 1st of  
38 each year thereafter. The definitions in section 4 of this act apply  
39 to this subsection (11)(f).

1 (12)(a) Until July 1, 2024, upon every person engaging within  
2 this state in the business of extracting timber or extracting for  
3 hire timber; as to such persons the amount of tax with respect to the  
4 business is, in the case of extractors, equal to the value of  
5 products, including by-products, extracted, or in the case of  
6 extractors for hire, equal to the gross income of the business,  
7 multiplied by the rate of 0.4235 percent from July 1, 2006, through  
8 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,  
9 2024.

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

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

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

1 (e) For purposes of this subsection, the following definitions  
2 apply:

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

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

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

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

29 (v) "Timber products" means:

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

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

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

37 (vi) "Wood products" means paper and paper products; dimensional  
38 lumber; engineered wood products such as particleboard, oriented  
39 strand board, medium density fiberboard, and plywood; wood doors;  
40 wood windows; and biocomposite surface products.

1 (f) Except for small harvesters as defined in RCW 84.33.035, a  
2 person reporting under the tax rate provided in this subsection (12)  
3 must file a complete annual survey with the department under RCW  
4 82.32.585.

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

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

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

19 **Sec. 3.** RCW 82.04.260 and 2014 c 140 s 6 and 2014 c 140 s 4 are  
20 each reenacted and amended to read as follows:

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

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

29 (b) Beginning July 1, 2015, seafood products that remain in a  
30 raw, raw frozen, or raw salted state at the completion of the  
31 manufacturing by that person; or selling manufactured seafood  
32 products that remain in a raw, raw frozen, or raw salted state at the  
33 completion of the manufacturing, to purchasers who transport in the  
34 ordinary course of business the goods out of this state; as to such  
35 persons the amount of tax with respect to such business is equal to  
36 the value of the products manufactured or the gross proceeds derived  
37 from such sales, multiplied by the rate of 0.138 percent. Sellers  
38 must keep and preserve records for the period required by RCW

1 82.32.070 establishing that the goods were transported by the  
2 purchaser in the ordinary course of business out of this state;

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

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

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

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

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

29 (d)(i) Beginning July 1, 2015, fruits or vegetables by canning,  
30 preserving, freezing, processing, or dehydrating fresh fruits or  
31 vegetables, or selling at wholesale fruits or vegetables manufactured  
32 by the seller by canning, preserving, freezing, processing, or  
33 dehydrating fresh fruits or vegetables and sold to purchasers who  
34 transport in the ordinary course of business the goods out of this  
35 state; as to such persons the amount of tax with respect to such  
36 business is equal to the value of the products manufactured or the  
37 gross proceeds derived from such sales multiplied by the rate of  
38 0.138 percent. Sellers must keep and preserve records for the period  
39 required by RCW 82.32.070 establishing that the goods were

1 transported by the purchaser in the ordinary course of business out  
2 of this state.

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

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

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

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

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

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

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

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

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

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

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

39           (9) Upon every person engaging within this state as an insurance  
40 producer or title insurance agent licensed under chapter 48.17 RCW or

1 a surplus line broker licensed under chapter 48.15 RCW; as to such  
2 persons, the amount of the tax with respect to such licensed  
3 activities is equal to the gross income of such business multiplied  
4 by the rate of 0.484 percent.

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

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

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

24 (ii) Except as provided in (f) of this subsection (11), 0.2904  
25 percent beginning July 1, 2007.

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

37 (c) For the purposes of this subsection (11), "commercial  
38 airplane" and "component" have the same meanings as provided in RCW  
39 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 (f) Beginning with taxes due and payable in calendar year 2014,  
19 and adjusted each calendar year thereafter, the preferential tax  
20 rates under (a)(ii) of this subsection must be modified as provided  
21 in section 4 of this act if the employment level of a significant  
22 aerospace firm is two hundred fifty or more employment positions  
23 below the employment baseline, as determined by the department. The  
24 tax rate adjustment under this subsection (11)(f) only applies to a  
25 significant aerospace firm claiming the preferential rate under this  
26 subsection (11). Except as provided in section 9(2) of this act, the  
27 department must make a determination of any required tax rate  
28 adjustment and notify a taxpayer subject to a rate adjustment under  
29 this subsection (11)(f) by January 1, 2016, and by January 1st of  
30 each year thereafter. The definitions in section 4 of this act apply  
31 to this subsection (11)(f).

32 (12)(a) Until July 1, 2024, upon every person engaging within  
33 this state in the business of extracting timber or extracting for  
34 hire timber; as to such persons the amount of tax with respect to the  
35 business is, in the case of extractors, equal to the value of  
36 products, including by-products, extracted, or in the case of  
37 extractors for hire, equal to the gross income of the business,  
38 multiplied by the rate of 0.4235 percent from July 1, 2006, through  
39 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,  
40 2024.

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

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

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

31 (e) For purposes of this subsection, the following definitions  
32 apply:

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

37 (ii) "Paper and paper products" means products made of interwoven  
38 cellulosic fibers held together largely by hydrogen bonding. "Paper  
39 and paper products" includes newsprint; office, printing, fine, and  
40 pressure-sensitive papers; paper napkins, towels, and toilet tissue;

1 kraft bag, construction, and other kraft industrial papers;  
2 paperboard, liquid packaging containers, containerboard, corrugated,  
3 and solid-fiber containers including linerboard and corrugated  
4 medium; and related types of cellulosic products containing  
5 primarily, by weight or volume, cellulosic materials. "Paper and  
6 paper products" does not include books, newspapers, magazines,  
7 periodicals, and other printed publications, advertising materials,  
8 calendars, and similar types of printed materials.

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

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

19 (v) "Timber products" means:

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

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

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

27 (vi) "Wood products" means paper and paper products; dimensional  
28 lumber; engineered wood products such as particleboard, oriented  
29 strand board, medium density fiberboard, and plywood; wood doors;  
30 wood windows; and biocomposite surface products.

31 (f) Except for small harvesters as defined in RCW 84.33.035, a  
32 person reporting under the tax rate provided in this subsection (12)  
33 must file a complete annual survey with the department under RCW  
34 82.32.585.

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

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

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

8 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.04  
9 RCW to read as follows:

10 (1) If a tax rate adjustment is required under RCW  
11 82.04.260(11)(f), the following rates apply:

12 (a) A rate of 0.2977 percent if the employment level of a  
13 significant aerospace firm is two hundred fifty to five hundred  
14 employment positions below the adjusted employment baseline;

15 (b) A rate of 0.3051 percent if the employment level of a  
16 significant aerospace firm is five hundred one to seven hundred fifty  
17 positions below the adjusted employment baseline;

18 (c) A rate of 0.3127 percent if the employment level of a  
19 significant aerospace firm is seven hundred fifty-one to one thousand  
20 employment positions below the adjusted employment baseline;

21 (d) A rate of 0.3205 percent if the employment level of a  
22 significant aerospace firm is one thousand one to one thousand two  
23 hundred fifty employment positions below the adjusted employment  
24 baseline;

25 (e) A rate of 0.3286 percent if the employment level of a  
26 significant aerospace firm is one thousand two hundred fifty-one to  
27 one thousand five hundred employment positions below the adjusted  
28 employment baseline;

29 (f) A rate of 0.3368 percent if the employment level of a  
30 significant aerospace firm is one thousand five hundred one to one  
31 thousand seven hundred fifty employment positions below the adjusted  
32 employment baseline;

33 (g) A rate of 0.3452 percent if the employment level of a  
34 significant aerospace firm is one thousand seven hundred fifty-one to  
35 two thousand employment positions below the adjusted employment  
36 baseline;

37 (h) A rate of 0.3538 percent if the employment level of a  
38 significant aerospace firm is two thousand one to two thousand two

1 hundred fifty employment positions below the adjusted employment  
2 baseline;

3 (i) A rate of 0.3627 percent if the employment level of a  
4 significant aerospace firm is two thousand two hundred fifty-one to  
5 two thousand five hundred employment positions below the adjusted  
6 employment baseline;

7 (j) A rate of 0.3717 percent if the employment level of a  
8 significant aerospace firm is two thousand five hundred one to two  
9 thousand seven hundred fifty employment positions below the adjusted  
10 employment baseline;

11 (k) A rate of 0.3811 percent if the employment level of a  
12 significant aerospace firm is two thousand seven hundred fifty-one to  
13 three thousand employment positions below the adjusted employment  
14 baseline;

15 (l) A rate of 0.3906 percent if the employment level of a  
16 significant aerospace firm is three thousand one to three thousand  
17 two hundred fifty employment positions below the adjusted employment  
18 baseline;

19 (m) A rate of 0.4003 percent if the employment level of a  
20 significant aerospace firm is three thousand two hundred fifty-one to  
21 three thousand five hundred employment positions below the adjusted  
22 employment baseline;

23 (n) A rate of 0.4103 percent if the employment level of a  
24 significant aerospace firm is three thousand five hundred one to  
25 three thousand seven hundred fifty employment positions below the  
26 adjusted employment baseline;

27 (o) A rate of 0.4206 percent if the employment level of a  
28 significant aerospace firm is three thousand seven hundred fifty-one  
29 to four thousand employment positions below the adjusted employment  
30 baseline;

31 (p) A rate of 0.4311 percent if the employment level of a  
32 significant aerospace firm is four thousand one to four thousand two  
33 hundred fifty employment positions below the adjusted employment  
34 baseline;

35 (q) A rate of 0.4419 percent if the employment level of a  
36 significant aerospace firm is four thousand two hundred fifty-one to  
37 four thousand five hundred employment positions below the adjusted  
38 employment baseline;

39 (r) A rate of 0.4529 percent if the employment level of a  
40 significant aerospace firm is four thousand five hundred one to four

1 thousand seven hundred fifty employment positions below the adjusted  
2 employment baseline;

3 (s) A rate of 0.4642 percent if the employment level of a  
4 significant aerospace firm is four thousand seven hundred fifty-one  
5 to five thousand employment positions below the adjusted employment  
6 baseline; and

7 (t) The generally applicable business and occupation tax rates  
8 for manufacturing, wholesaling, and retailing activities if the  
9 employment level of a significant aerospace firm is more than five  
10 thousand employment positions below the adjusted employment baseline.

11 (2) The definitions in this subsection apply to this section and  
12 RCW 82.04.260(11).

13 (a) "Employment baseline" means eighty-three thousand two hundred  
14 ninety-five employment positions.

15 (b) "Employment level" means the average number of employment  
16 positions reported to the state employment security department for  
17 the months of January through September.

18 (c) "Employment position" means a job in which the employee has  
19 worked for a significant aerospace firm at an average rate of at  
20 least thirty-five hours per week.

21 (d) "Significant aerospace firm" means a manufacturer that has  
22 made a final decision to site a significant commercial airplane  
23 manufacturing program in the state under RCW 82.32.850.

24 **Sec. 5.** RCW 82.04.4461 and 2013 3rd sp.s. c 2 s 9 are each  
25 amended to read as follows:

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

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

35 (b) Before July 1, 2005, any credits earned under this section  
36 must be accrued and carried forward and may not be used until July 1,  
37 2005. These carryover credits may be used at any time thereafter, and  
38 may be carried over until used. Refunds may not be granted in the  
39 place of a credit.

1 (2) The credit is equal to the amount of qualified aerospace  
2 product development expenditures of a person, multiplied by the rate  
3 of 1.5 percent and further multiplied by the reduction factor if the  
4 credit is claimed by a significant aerospace firm, as defined in  
5 section 4 of this act.

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

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

20 (5) The definitions in this subsection apply throughout this  
21 section.

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

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

39 (c) "Qualified aerospace product development" means aerospace  
40 product development performed within this state.

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

12 (e)(i) "Reduction factor" means two less the quotient of the rate  
13 applicable under RCW 82.04.260 and 0.002904. However, if the rate  
14 described under section 4(1)(t) of this act is applicable, the  
15 reduction factor is zero.

16 (ii) Except as provided in section 9(2) of this act, the  
17 department will determine the reduction factor on an annual basis.  
18 After the department determines the reduction factor, it applies to  
19 the credit under this section for taxes due and payable during the  
20 entire calendar year. Except as provided in section 9(2) of this act,  
21 the department must notify an impacted significant aerospace firm by  
22 January 1, 2016, and by January 1st of each year thereafter, if the  
23 reduction factor is less than one.

24 (f) "Taxable amount" means the taxable amount subject to the tax  
25 imposed in this chapter required to be reported on the person's tax  
26 returns during the year in which the credit is claimed, less any  
27 taxable amount for which a credit is allowed under RCW 82.04.440.

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

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

33 (8) This section expires July 1, 2040.

34 **Sec. 6.** RCW 82.32.534 and 2014 c 97 s 102 are each amended to  
35 read as follows:

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

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

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

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

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

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

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

32 (4) Except as otherwise provided by law, if a person claims a tax  
33 preference that requires an annual report under this section but  
34 fails to submit a complete report by the due date or any extension  
35 under RCW 82.32.590, the department must declare the amount of the  
36 tax preference claimed for the previous calendar year to be  
37 immediately due and payable. The department must assess interest, but  
38 not penalties, on the amounts due under this subsection. The interest  
39 must be assessed at the rate provided for delinquent taxes under this  
40 chapter, retroactively to the date the tax preference was claimed,

1 and accrues until the taxes for which the tax preference was claimed  
2 are repaid. Amounts due under this subsection are not subject to the  
3 confidentiality provisions of RCW 82.32.330 and may be disclosed to  
4 the public upon request.

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

9 (6) For the purposes of this section:

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

12 (b) "Tax preference" has the meaning provided in RCW 43.136.021  
13 and includes only the tax preferences requiring a survey under this  
14 section.

15 NEW SECTION. **Sec. 7.** A new section is added to chapter 82.32  
16 RCW to read as follows:

17 (1) By the last workday of the third calendar quarter, the state  
18 treasurer must transfer the amount specified in subsection (2) of  
19 this section from the general fund to the education legacy trust  
20 account. The first transfer under this subsection (1), if applicable,  
21 must occur by September 30, 2016.

22 (2) The department must estimate the increase in state general  
23 fund revenue collections for the prior fiscal year resulting from the  
24 changes made in this act. The department must notify the state  
25 treasurer of this amount at least twenty days prior to the September  
26 transfer under subsection (1) of this section.

27 NEW SECTION. **Sec. 8.** A new section is added to chapter 43.135  
28 RCW to read as follows:

29 RCW 43.135.034(4) does not apply to the transfers under this  
30 section.

31 NEW SECTION. **Sec. 9.** (1) RCW 82.04.260(11)(f) and section 5 of  
32 this act apply retroactively to January 1, 2014, as well as  
33 prospectively.

34 (2) For calendar year 2014 and the first six months of calendar  
35 year 2015, with respect to any tax rate adjustment required under RCW  
36 82.04.260(11)(f) of this act and any reduced credit required under  
37 section 5 of this act, the department of revenue will make a

1 determination by July 1, 2015, as to whether any taxes are due and  
2 payable. If taxes are due and payable, a taxpayer must pay the tax  
3 within sixty days of notification by the department. Interest and  
4 penalties do not apply if the taxes are paid within the sixty-day  
5 period. The department must assess interest at the rate provided for  
6 delinquent taxes beginning on the sixty-first day. The department may  
7 not assess penalties. A significant aerospace firm must apply a  
8 modified tax rate required under RCW 82.04.260(11)(f) and a reduced  
9 credit under RCW 82.04.4461 for taxes due and payable on or after  
10 July 1, 2015.

11 NEW SECTION. **Sec. 10.** This act may be known and cited as the  
12 aerospace tax incentive accountability act.

13 NEW SECTION. **Sec. 11.** (1) Except for section 3 of this act,  
14 this act is necessary for the immediate preservation of the public  
15 peace, health, or safety, or support of the state government and its  
16 existing public institutions, and takes effect immediately.

17 (2) Section 3 of this act is necessary for the immediate  
18 preservation of the public peace, health, or safety, or support of  
19 the state government and its existing public institutions, and takes  
20 effect July 1, 2015.

--- END ---