

1 substances, whether in liquid, concentrated, solid, frozen, dried, or
2 dehydrated form, that are sold for ingestion or chewing by humans and
3 are consumed for their taste or nutritional value. "Food and food
4 ingredients" does not include:

5 (a) "Alcoholic beverages," which means beverages that are
6 suitable for human consumption and contain one-half of one percent or
7 more of alcohol by volume;

8 (b) "Tobacco," which means cigarettes, cigars, chewing or pipe
9 tobacco, or any other item that contains tobacco; and

10 (c) Marijuana, useable marijuana, or marijuana-infused products.

11 (2) The exemption of "food and food ingredients" provided for in
12 subsection (1) of this section does not apply to prepared food, soft
13 drinks, bottled water, or dietary supplements. (~~For purposes of this~~
14 ~~subsection, the following definitions apply:~~) The definitions in
15 this subsection apply throughout this section unless the context
16 clearly requires otherwise.

17 (a) "Bottled water" means water that is placed in a safety sealed
18 container or package for human consumption. Bottled water is calorie
19 free and does not contain sweeteners or other additives except that
20 it may contain: (i) Antimicrobial agents; (ii) fluoride; (iii)
21 carbonation; (iv) vitamins, minerals, and electrolytes; (v) oxygen;
22 (vi) preservatives; and (vii) only those flavors, extracts, or
23 essences derived from a spice or fruit. "Bottled water" includes
24 water that is delivered to the buyer in a reusable container that is
25 not sold with the water.

26 (b) "Dietary supplement" means any product, other than tobacco,
27 intended to supplement the diet that:

28 (i) Contains one or more of the following dietary ingredients:

29 (A) A vitamin;

30 (B) A mineral;

31 (C) An herb or other botanical;

32 (D) An amino acid;

33 (E) A dietary substance for use by humans to supplement the diet
34 by increasing the total dietary intake; or

35 (F) A concentrate, metabolite, constituent, extract, or
36 combination of any ingredient described in this subsection;

37 (ii) Is intended for ingestion in tablet, capsule, powder,
38 softgel, gelcap, or liquid form, or if not intended for ingestion in
39 such form, is not represented as conventional food and is not
40 represented for use as a sole item of a meal or of the diet; and

1 (iii) Is required to be labeled as a dietary supplement,
2 identifiable by the "supplement facts" box found on the label as
3 required pursuant to 21 C.F.R. Sec. 101.36, as amended or renumbered
4 as of January 1, 2003.

5 ~~((b))~~ (c)(i) "Prepared food" means:

6 (A) Food sold in a heated state or heated by the seller;

7 (B) Food sold with eating utensils provided by the seller,
8 including plates, knives, forks, spoons, glasses, cups, napkins, or
9 straws. A plate does not include a container or packaging used to
10 transport the food; or

11 (C) Two or more food ingredients mixed or combined by the seller
12 for sale as a single item, except:

13 (I) Food that is only cut, repackaged, or pasteurized by the
14 seller; or

15 (II) Raw eggs, fish, meat, poultry, and foods containing these
16 raw animal foods requiring cooking by the consumer as recommended by
17 the federal food and drug administration in chapter 3, part 401.11 of
18 The Food Code, published by the food and drug administration, as
19 amended or renumbered as of January 1, 2003, so as to prevent
20 foodborne illness.

21 (ii) "Prepared food" does not include the following food or food
22 ingredients, if the food or food ingredients are sold without eating
23 utensils provided by the seller:

24 (A) Food sold by a seller whose proper primary North American
25 industry classification system (NAICS) classification is
26 manufacturing in sector 311, except subsector 3118 (bakeries), as
27 provided in the "North American industry classification system—United
28 States, 2002";

29 (B) Food sold in an unheated state by weight or volume as a
30 single item; or

31 (C) Bakery items. The term "bakery items" includes bread, rolls,
32 buns, biscuits, bagels, croissants, pastries, donuts, Danish, cakes,
33 tortes, pies, tarts, muffins, bars, cookies, or tortillas.

34 ~~((e))~~ (d) "Soft drinks" means nonalcoholic beverages that
35 contain natural or artificial sweeteners. Soft drinks do not include
36 beverages that contain: Milk or milk products; soy, rice, or similar
37 milk substitutes; or greater than fifty percent of vegetable or fruit
38 juice by volume.

39 (3) Notwithstanding anything in this section to the contrary, the
40 exemption of "food and food ingredients" provided in this section

1 applies to food and food ingredients that are furnished, prepared, or
2 served as meals:

3 (a) Under a state administered nutrition program for the aged as
4 provided for in the older Americans act (P.L. 95-478 Title III) and
5 RCW 74.38.040(6);

6 (b) That are provided to senior citizens, individuals with
7 disabilities, or low-income persons by a not-for-profit organization
8 organized under chapter 24.03 or 24.12 RCW; or

9 (c) That are provided to residents, sixty-two years of age or
10 older, of a qualified low-income senior housing facility by the
11 lessor or operator of the facility. The sale of a meal that is billed
12 to both spouses of a marital community or both domestic partners of a
13 domestic partnership meets the age requirement in this subsection
14 (3)(c) if at least one of the spouses or domestic partners is at
15 least sixty-two years of age. For purposes of this subsection,
16 "qualified low-income senior housing facility" means a facility:

17 (i) That meets the definition of a qualified low-income housing
18 project under 26 U.S.C. Sec. 42 of the federal internal revenue code,
19 as existing on August 1, 2009;

20 (ii) That has been partially funded under 42 U.S.C. Sec. 1485;
21 and

22 (iii) For which the lessor or operator has at any time been
23 entitled to claim a federal income tax credit under 26 U.S.C. Sec. 42
24 of the federal internal revenue code.

25 (4)(a) Subsection (1) of this section notwithstanding, the retail
26 sale of food and food ingredients is subject to sales tax under RCW
27 82.08.020 if the food and food ingredients are sold through a vending
28 machine. Except as provided in (b) of this subsection, the selling
29 price of food and food ingredients sold through a vending machine for
30 purposes of RCW 82.08.020 is fifty-seven percent of the gross
31 receipts.

32 (b) For soft drinks, bottled water, and hot prepared food and
33 food ingredients, other than food and food ingredients which are
34 heated after they have been dispensed from the vending machine, the
35 selling price is the total gross receipts of such sales divided by
36 the sum of one plus the sales tax rate expressed as a decimal.

37 (c) For tax collected under this subsection (4), the requirements
38 that the tax be collected from the buyer and that the amount of tax
39 be stated as a separate item are waived.

1 **Sec. 102.** RCW 82.12.0293 and 2011 c 2 s 303 are each amended to
2 read as follows:

3 (1) The provisions of this chapter do not apply in respect to the
4 use of food and food ingredients for human consumption. "Food and
5 food ingredients" has the same meaning as in RCW 82.08.0293.

6 (2) The exemption of "food and food ingredients" provided for in
7 subsection (1) of this section does not apply to prepared food, soft
8 drinks, bottled water, or dietary supplements. "Prepared food," "soft
9 drinks," "bottled water," and "dietary supplements" have the same
10 meanings as in RCW 82.08.0293.

11 (3) Notwithstanding anything in this section to the contrary, the
12 exemption of "food and food ingredients" provided in this section
13 applies to food and food ingredients which are furnished, prepared,
14 or served as meals:

15 (a) Under a state administered nutrition program for the aged as
16 provided for in the older Americans act (P.L. 95-478 Title III) and
17 RCW 74.38.040(6);

18 (b) Which are provided to senior citizens, individuals with
19 disabilities, or low-income persons by a not-for-profit organization
20 organized under chapter 24.03 or 24.12 RCW; or

21 (c) That are provided to residents, sixty-two years of age or
22 older, of a qualified low-income senior housing facility by the
23 lessor or operator of the facility. The sale of a meal that is billed
24 to both spouses of a marital community or both domestic partners of a
25 domestic partnership meets the age requirement in this subsection
26 (3)(c) if at least one of the spouses or domestic partners is at
27 least sixty-two years of age. For purposes of this subsection,
28 "qualified low-income senior housing facility" has the same meaning
29 as in RCW 82.08.0293.

30 NEW SECTION. **Sec. 103.** A new section is added to chapter 82.08
31 RCW to read as follows:

32 (1) Subject to the conditions in this section, the tax levied by
33 RCW 82.08.020 does not apply to sales of bottled water dispensed or
34 to be dispensed to patients, pursuant to a prescription for use in
35 the cure, mitigation, treatment, or prevention of disease or other
36 medical condition.

37 (2) For purposes of this section, "prescription" means an order,
38 formula, or recipe issued in any form of oral, written, electronic,

1 or other means of transmission by a duly licensed practitioner
2 authorized by the laws of this state to prescribe.

3 (3) Except for sales of bottled water delivered to the buyer in a
4 reusable container that is not sold with the water, sellers must
5 collect tax on sales subject to this exemption. Any buyer that has
6 paid at least twenty-five dollars in state and local sales taxes on
7 purchases of bottled water subject to this exemption may apply for a
8 refund of the taxes directly from the department in a form and manner
9 prescribed by the department. The department must deny any refund
10 application if the amount of the refund requested is less than
11 twenty- five dollars. No refund may be made for taxes paid more than
12 four years after the end of the calendar year in which the tax was
13 paid to the seller.

14 (4) The provisions of RCW 82.32.060 apply to refunds authorized
15 under this section.

16 (5) With respect to sales of bottled water delivered to the buyer
17 in a reusable container that is not sold with the water, buyers
18 claiming the exemption provided in this section must provide the
19 seller with an exemption certificate in a form and manner prescribed
20 by the department. The seller must retain a copy of the certificate
21 for the seller's files. In lieu of an exemption certificate, a seller
22 may capture the relevant data elements as allowed under the
23 streamlined sales and use tax agreement.

24 NEW SECTION. **Sec. 104.** A new section is added to chapter 82.12
25 RCW to read as follows:

26 (1) The provisions of this chapter do not apply in respect to the
27 use of bottled water dispensed or to be dispensed to patients,
28 pursuant to a prescription for use in the cure, mitigation,
29 treatment, or prevention of disease or medical condition.

30 (2) For the purposes of this section, "prescription" has the same
31 meaning as provided in section 103 of this act.

32 NEW SECTION. **Sec. 105.** A new section is added to chapter 82.08
33 RCW to read as follows:

34 (1)(a) Subject to the conditions in this section, the tax levied
35 by RCW 82.08.020 does not apply to sales of bottled water to persons
36 whose primary source of drinking water is unsafe or to a government
37 entity or charitable organization when the bottled water will be

1 donated by the purchaser to persons whose primary source of drinking
2 water is unsafe.

3 (b) For purposes of this subsection and section 106 of this act,
4 a person's primary source of drinking water is unsafe if:

5 (i) The public water system providing the drinking water has
6 issued a public notification that the drinking water may pose a
7 health risk, and the notification is still in effect on the date that
8 the bottled water was purchased;

9 (ii) Test results on the person's drinking water, which are no
10 more than twelve months old, from a laboratory certified to perform
11 drinking water testing show that the person's drinking water does not
12 meet safe drinking water standards applicable to public water
13 systems; or

14 (iii) The person otherwise establishes, to the department's
15 satisfaction, that the person's drinking water does not meet safe
16 drinking water standards applicable to public water systems.

17 (2) Except for sales of bottled water delivered to the buyer in a
18 reusable container that is not sold with the water, sellers must
19 collect tax on sales subject to this exemption. Any buyer that has
20 paid at least twenty-five dollars in state and local sales taxes on
21 purchases of bottled water subject to this exemption may apply for a
22 refund of the taxes directly from the department in a form and manner
23 prescribed by the department. The department must deny any refund
24 application if the amount of the refund requested is less than
25 twenty-five dollars. No refund may be made for taxes paid more than
26 four years after the end of the calendar year in which the tax was
27 paid to the seller.

28 (3) The provisions of RCW 82.32.060 apply to refunds authorized
29 under this section.

30 (4)(a) With respect to sales of bottled water delivered to the
31 buyer in a reusable container that is not sold with the water, buyers
32 claiming the exemption provided in this section must provide the
33 seller with an exemption certificate in a form and manner prescribed
34 by the department. The seller must retain a copy of the certificate
35 for the seller's files. In lieu of an exemption certificate, a seller
36 may capture the relevant data elements as allowed under the
37 streamlined sales and use tax agreement.

38 (b) The department may waive the requirement for an exemption
39 certificate in the event of disaster or similar circumstance.

1 NEW SECTION. **Sec. 106.** A new section is added to chapter 82.12
2 RCW to read as follows:

3 The provisions of this chapter do not apply in respect to the use
4 of bottled water by persons whose primary source of drinking water is
5 unsafe as provided in section 105 of this act or to bottled water
6 donated by a government entity or charitable organization to persons
7 whose primary source of drinking water is unsafe as provided in
8 section 105 of this act.

9 NEW SECTION. **Sec. 107.** RCW 82.32.805 and 82.32.808 do not apply
10 to sections 103 through 106 of this act.

11 **PART II**

12 **Establishing a Refund Requirement for the Nonresident Sales and Use**
13 **Tax Exemption**

14 **Sec. 201.** RCW 82.08.0273 and 2014 c 140 s 17 are each amended to
15 read as follows:

16 (1) Subject to the conditions and limitations in this section,
17 the tax levied by RCW 82.08.020 (~~does not apply to~~) in the form of
18 a remittance from the department is provided for sales to
19 nonresidents of this state of tangible personal property, digital
20 goods, and digital codes(~~, when~~). The exemption only applies if:

21 (a) The property is for use outside this state;

22 (b) The purchaser is a bona fide resident of a province or
23 territory of Canada or a state, territory, or possession of the
24 United States, other than the state of Washington; and

25 (i) Such state, possession, territory, or province does not
26 impose, or have imposed on its behalf, a generally applicable retail
27 sales tax, use tax, value added tax, gross receipts tax on retailing
28 activities, or similar generally applicable tax, of three percent or
29 more; or

30 (ii) If imposing a tax described in (b)(i) of this subsection,
31 provides an exemption for sales to Washington residents by reason of
32 their residence; and

33 (c) The purchaser agrees, when requested, to grant the department
34 of revenue access to such records and other forms of verification at
35 (~~his or her~~) the purchaser's place of residence to assure that such
36 purchases are not first used substantially in the state of
37 Washington.

1 (2) Notwithstanding anything to the contrary in this chapter, if
2 parts or other tangible personal property are installed by the seller
3 during the course of repairing, cleaning, altering, or improving
4 motor vehicles, trailers, or campers and the seller makes a separate
5 charge for the tangible personal property, the tax levied by RCW
6 82.08.020 does not apply to the separately stated charge to a
7 nonresident purchaser for the tangible personal property but only if
8 the seller certifies in writing to the purchaser that the separately
9 stated charge does not exceed either the seller's current publicly
10 stated retail price for the tangible personal property or, if no
11 publicly stated retail price is available, the seller's cost for the
12 tangible personal property. However, the exemption provided by this
13 section does not apply if tangible personal property is installed by
14 the seller during the course of repairing, cleaning, altering, or
15 improving motor vehicles, trailers, or campers and the seller makes a
16 single nonitemized charge for providing the tangible personal
17 property and service. All of the ((requirements)) provisions in
18 subsections (1) and (3) through ((+6+)) (7) of this section apply to
19 this subsection.

20 (3)(a) Any person claiming exemption from retail sales tax under
21 the provisions of this section must ~~((display proof of his or her~~
22 ~~current nonresident status as provided in this section)) pay the~~
23 ~~state and local sales tax to the seller at the time of purchase and~~
24 ~~then request a remittance from the department in accordance with this~~
25 ~~subsection and subsection (4) of this section. A request for~~
26 ~~remittance must include proof of the person's status as a nonresident~~
27 ~~at the time of the purchase for which a remittance is requested. The~~
28 ~~request for a remittance must also include any additional information~~
29 ~~and documentation as required by the department, which may include a~~
30 ~~description of the item purchased for which a remittance is~~
31 ~~requested, the sales price of the item, the amount of state sales tax~~
32 ~~paid on the item, the date of the purchase, the name of the seller~~
33 ~~and the physical address where the sale took place, a copy of the~~
34 ~~certification required in subsection (2) of this section, and copies~~
35 ~~of sales receipts showing the qualified purchases.~~

36 (b) Acceptable proof of a nonresident person's status includes
37 one piece of identification such as a valid driver's license from the
38 jurisdiction in which the out-of-state residency is claimed or a
39 valid identification card which has a photograph of the holder and is
40 issued by the out-of-state jurisdiction. Identification under this

1 subsection (3)(b) must show the holder's residential address and have
2 as one of its legal purposes the establishment of residency in that
3 out-of-state jurisdiction.

4 ~~((c) In lieu of furnishing proof of a person's nonresident
5 status under (b) of this subsection (3), a person claiming exemption
6 from retail sales tax under the provisions of this section may
7 provide the seller with an exemption certificate in compliance with
8 subsection (4)(b) of this section.))~~

9 ~~(4)(a) ((Nothing in this section requires the vendor to make tax
10 exempt retail sales to nonresidents. A vendor may choose to make
11 sales to nonresidents, collect the sales tax, and remit the amount of
12 sales tax collected to the state as otherwise provided by law. If the
13 vendor chooses to make a sale to a nonresident without collecting the
14 sales tax, the vendor must examine the purchaser's proof of
15 nonresidence, determine whether the proof is acceptable under
16 subsection (3)(b) of this section, and maintain records for each
17 nontaxable sale which must show the type of proof accepted, including
18 any identification numbers where appropriate, and the expiration
19 date, if any.~~

20 ~~(b) In lieu of using the method provided in (a) of this
21 subsection to document an exempt sale to a nonresident, a seller may
22 accept from the purchaser a properly completed uniform exemption
23 certificate approved by the streamlined sales and use tax agreement
24 governing board or any other exemption certificate as may be
25 authorized by the department and properly completed by the purchaser.
26 A nonresident purchaser who uses an exemption certificate authorized
27 in this subsection (4)(b) must include the purchaser's driver's
28 license number or other state issued identification number and the
29 state of issuance.~~

30 ~~(c) In lieu of using the methods provided in (a) and (b) of this
31 subsection to document an exempt sale to a nonresident, a seller may
32 capture the relevant data elements as allowed under the streamlined
33 sales and use tax agreement.~~

34 ~~(5)(a) Any person making fraudulent statements, which includes
35 the offer of fraudulent identification or fraudulently procured
36 identification to a vendor, in order to purchase goods without paying
37 retail sales tax is guilty of perjury under chapter 9A.72 RCW.~~

38 ~~(b) Any person making tax exempt purchases under this section by
39 displaying proof of identification not his or her own, or counterfeit
40 identification, with intent to violate the provisions of this~~

1 ~~section, is guilty of a misdemeanor and, in addition, is liable for~~
2 ~~the tax and subject to a penalty equal to the greater of one hundred~~
3 ~~dollars or the tax due on such purchases.~~

4 ~~(6)(a) Any vendor who makes sales without collecting the tax and~~
5 ~~who fails to maintain records of sales to nonresidents as provided in~~
6 ~~this section is personally liable for the amount of tax due.~~

7 ~~(b) Any vendor who makes sales without collecting the retail~~
8 ~~sales tax under this section and who has actual knowledge that the~~
9 ~~purchaser's proof of identification establishing out-of-state~~
10 ~~residency is fraudulent is guilty of a misdemeanor and, in addition,~~
11 ~~is liable for the tax and subject to a penalty equal to the greater~~
12 ~~of one thousand dollars or the tax due on such sales. In addition,~~
13 ~~both the purchaser and the vendor are liable for any penalties and~~
14 ~~interest assessable under chapter 82.32 RCW)) (i) Beginning January~~
15 ~~1, 2016, through December 31, 2016, a person may request a remittance~~
16 ~~from the department for state sales taxes paid by the person on~~
17 ~~qualified retail purchases made in Washington between July 1, 2015,~~
18 ~~and December 31, 2015.~~

19 ~~(ii) Beginning January 1, 2017, a person may request a remittance~~
20 ~~from the department during any calendar year for state sales taxes~~
21 ~~paid by the person on qualified retail purchases made in Washington~~
22 ~~during the immediately preceding calendar year only. No application~~
23 ~~may be made with respect to purchases made before the immediately~~
24 ~~preceding calendar year.~~

25 ~~(b) The remittance request, including proof of nonresident status~~
26 ~~and any other documentation and information required by the~~
27 ~~department, must be made in a form and manner as prescribed by the~~
28 ~~department. Only one remittance request may be made by a person per~~
29 ~~calendar year.~~

30 ~~(c) The total amount of a remittance request must be at least~~
31 ~~twenty-five dollars. The department must deny any request for a~~
32 ~~remittance that is less than twenty-five dollars.~~

33 ~~(d) The department will examine the applicant's proof of~~
34 ~~nonresident status and any other documentation and information as~~
35 ~~required in the application to determine whether the applicant is~~
36 ~~entitled to a remittance under this section.~~

37 ~~(5)(a) Any person making fraudulent statements to the department,~~
38 ~~which includes the offer of fraudulent or fraudulently procured~~
39 ~~identification or fraudulent sales receipts, in order to receive a~~

1 remittance of retail sales tax is guilty of perjury under chapter
2 9A.72 RCW.

3 (b) Any person requesting a remittance of sales tax from the
4 department by providing proof of identification or sales receipts not
5 the person's own, or counterfeit identification or sales receipts,
6 with intent to violate the provisions of this section, is guilty of a
7 misdemeanor and, in addition, is liable for the tax and subject to a
8 penalty equal to the greater of one hundred dollars or the tax due on
9 such purchases.

10 (6) The exemption provided by this section is for state sales
11 taxes only.

12 (7) A nonresident who receives a refund of sales tax from the
13 seller for any reason with respect to a purchase made in this state
14 is not entitled to a remittance for the tax paid on the purchase. A
15 person who receives both a remittance under this section and a refund
16 from the seller with respect to the same purchase must immediately
17 repay the remittance to the department. Interest as provided in
18 chapter 82.32 RCW applies to amounts due under this section from the
19 date that the department made the remittance until the amount due
20 under this subsection is paid to the department. A person who
21 receives a remittance with respect to a purchase for which the person
22 had, at the time the person submitted the application for a
23 remittance, already received a refund of sales tax from the seller is
24 also liable for the evasion penalty in RCW 82.32.090(7) and is
25 ineligible to receive any further remittances from the department
26 under this section.

27 ~~((+7))~~ (8) The exemption in this section does not apply to sales
28 of marijuana, useable marijuana, or marijuana-infused products.

29 **PART III**

30 **Repealing the Preferential B&O Tax Rate for Sellers of Prescription**
31 **Drugs**

32 NEW SECTION. Sec. 301. RCW 82.04.272 (Tax on warehousing and
33 reselling prescription drugs) and 2013 c 19 s 127, 2003 c 168 s 401,
34 & 1998 c 343 s 1 are each repealed.

35 **Sec. 302.** RCW 82.04.280 and 2010 c 106 s 205 are each reenacted
36 and amended to read as follows:

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

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

38 (a) "Cold storage warehouse" means a storage warehouse used to
39 store fresh and/or frozen perishable fruits or vegetables, meat,
40 seafood, dairy products, or fowl, or any combination thereof, at a

1 desired temperature to maintain the quality of the product for
2 orderly marketing.

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

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

17 **Sec. 303.** RCW 82.32.790 and 2010 c 114 s 201 and 2010 c 106 s
18 401 are each reenacted and amended to read as follows:

19 (1)(a) (~~(Section 206, chapter 106, Laws of 2010,)~~) Sections 104,
20 110, 117, 123, 125, 129, 131, and 150, chapter 114, Laws of 2010(~~(
21 section 3, chapter 461, Laws of 2009, section 7, chapter 300, Laws of
22 2006, and section 4, chapter 149, Laws of 2003)~~) are contingent upon
23 the siting and commercial operation of a significant semiconductor
24 microchip fabrication facility in the state of Washington.

25 (b) For the purposes of this section:

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

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

30 (iii) "Significant" means the combined investment of new
31 buildings and new machinery and equipment in the buildings, at the
32 commencement of commercial production, will be at least one billion
33 dollars.

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

38 (3)(a) The department of revenue must provide notice of the
39 effective date of sections 104, 110, 117, 123, 125, 129, 131, and

1 150, chapter 114, Laws of 2010(~~([,] section 3, chapter 461, Laws of~~
2 ~~2009, section 7, chapter 300, Laws of 2006, and section 4, chapter~~
3 ~~149, Laws of 2003)) to affected taxpayers, the legislature, and
4 others as deemed appropriate by the department.~~

5 (b) If, after making a determination that a contract has been
6 signed and chapter 149, Laws of 2003 is effective, the department
7 discovers that commencement of commercial production did not take
8 place within three years of the date the contract was signed, the
9 department must make a determination that chapter 149, Laws of 2003
10 is no longer effective, and all taxes that would have been otherwise
11 due are deemed deferred taxes and are immediately assessed and
12 payable from any person reporting tax under RCW 82.04.240(2) or
13 claiming an exemption or credit under section 2 or 5 through 10,
14 chapter 149, Laws of 2003. The department is not authorized to make a
15 second determination regarding the effective date of chapter 149,
16 Laws of 2003.

17 NEW SECTION. **Sec. 304.** The following acts or parts of acts are
18 each repealed:

- 19 (1) 2010 c 106 s 206;
- 20 (2) 2009 c 461 s 3;
- 21 (3) 2006 c 300 s 7; and
- 22 (4) 2003 c 149 s 4.

23 NEW SECTION. **Sec. 305.** Section 301 of this act applies to taxes
24 due for reporting periods beginning on or after the effective date of
25 section 301 of this act.

26 **PART IV**

27 **Narrowing the Use Tax Exemption for Extracted Fuel**

28 **Sec. 401.** RCW 82.12.0263 and 1980 c 37 s 62 are each amended to
29 read as follows:

30 The provisions of this chapter (~~shall~~) do not apply in respect
31 to the use of biomass fuel by the extractor or manufacturer thereof
32 when used directly in the operation of the particular extractive
33 operation or manufacturing plant which produced or manufactured the
34 same. For purposes of this section, "biomass fuel" means wood waste
35 and other wood residuals, including forest derived biomass, but does
36 not include firewood or wood pellets. "Biomass fuel" also includes

1 partially organic by-products of pulp, paper, and wood manufacturing
2 processes.

3 NEW SECTION. **Sec. 402.** A new section is added to chapter 82.12
4 RCW to read as follows:

5 (1) The value of the article used with respect to refinery fuel
6 gas under this chapter is the most recent monthly United States
7 natural gas wellhead price, as published by the federal energy
8 information administration.

9 (2) A credit is allowed against the tax otherwise due under RCW
10 82.12.020 on the use of refinery fuel gas by the manufacturer of the
11 gas. The credit is equal to the value of the refinery fuel gas used
12 multiplied by 2.648 percent.

13 (3) This section is exempt from the provisions of RCW 82.32.805
14 and 82.32.808.

15 **PART V**

16 **Repealing the Preferential B&O Tax Rate for Royalty Income**

17 **Sec. 501.** RCW 82.04.2907 and 2010 1st sp.s. c 23 s 107 are each
18 amended to read as follows:

19 (1) Upon every person engaging within this state in the business
20 of receiving income from royalties, the amount of tax with respect to
21 the business is equal to the gross income from royalties multiplied
22 by the rate (~~(of 0.484 percent)~~) provided in RCW 82.04.290(2)(a).

23 (2) For the purposes of this section, "gross income from
24 royalties" means compensation for the use of intangible property,
25 including charges in the nature of royalties, regardless of where the
26 intangible property will be used. For purposes of this subsection,
27 "intangible property" includes copyrights, patents, licenses,
28 franchises, trademarks, trade names, and similar items. "Gross income
29 from royalties" does not include compensation for any natural
30 resource, the licensing of prewritten computer software to the end
31 user, or the licensing of digital goods, digital codes, or digital
32 automated services to the end user as defined in RCW 82.04.190(11).

33 **PART VI**

34 **Nexus for Excise Tax Purposes**

1 NEW SECTION. **Sec. 601.** (1) The commerce clause of the United
2 States Constitution as currently interpreted by the United States
3 supreme court prohibits states from imposing sales or use tax
4 collection obligations on out-of-state businesses unless the business
5 has a substantial nexus with the taxing state.

6 (2) The legislature recognizes that under the United States
7 supreme court's decision in *Quill Corp. v. North Dakota*, 504 U.S. 298
8 (1992), a substantial nexus for sales and use tax collection purposes
9 requires that the taxpayer have a physical presence in the taxing
10 state.

11 (3) The legislature further recognizes that the requisite
12 physical presence can be established directly through a taxpayer's
13 own activities in the taxing state, or indirectly, through
14 independent contractors, agents, or other representatives who act on
15 behalf of the taxpayer in the taxing state.

16 (4) However, the legislature finds that because the United States
17 supreme court has not clearly defined the circumstances under which a
18 physical presence is sufficient to establish a substantial nexus for
19 tax purposes, frequent conflicts have arisen throughout the country
20 among state taxing authorities, taxpayers, tax practitioners, and
21 courts.

22 (5) Therefore, the legislature intends to provide more clarity
23 for out-of-state sellers that compensate Washington residents for
24 referring customers to the out-of-state seller by providing clear
25 statutory guidelines for determining when these out-of-state sellers
26 are required to collect Washington's retail sales tax.

27 (6) Nothing in part II of this act may be construed as relieving
28 in-state businesses and other businesses having a substantial nexus
29 with Washington through a direct physical presence in this state from
30 their Washington sales and use tax collection obligations.

31 NEW SECTION. **Sec. 602.** A new section is added to chapter 82.08
32 RCW to be codified between RCW 82.08.050 and 82.08.054 to read as
33 follows:

34 (1) For purposes of this chapter, a remote seller is presumed to
35 have a substantial nexus with this state and is obligated to collect
36 retail sales tax if the remote seller enters into an agreement with a
37 resident of this state under which the resident, for a commission or
38 other consideration, directly or indirectly refers potential
39 customers, whether by a link on an internet web site or otherwise, to

1 the remote seller, if the cumulative gross receipts from sales by the
2 remote seller to customers in this state who are referred to the
3 remote seller by all residents with this type of an agreement with
4 the remote seller exceed ten thousand dollars during the preceding
5 calendar year. This presumption may be rebutted by proof that the
6 resident with whom the remote seller has an agreement did not engage
7 in any solicitation in this state on behalf of the remote seller that
8 would satisfy the nexus requirement of the United States Constitution
9 during the calendar year in question. Proof may be shown by (a)
10 establishing, in a manner acceptable to the department, that (i) each
11 in-state person with whom the remote seller has an agreement is
12 prohibited from engaging in any solicitation activities in this state
13 that refer potential customers to the remote seller, and (ii) such
14 in-state person or persons have complied with that prohibition; or
15 (b) any other means as may be approved by the department.

16 (2) "Remote seller" means a seller that makes retail sales in
17 this state through one or more agreements described in subsection (1)
18 of this section, and the seller's other physical presence in this
19 state, if any, is not sufficient to establish a retail sales or use
20 tax collection obligation under the commerce clause of the United
21 States Constitution.

22 (3) Nothing in this section may be construed to affect in any way
23 RCW 82.04.424, 82.08.050(11), or 82.12.040(5).

24 (4) This section is subject to section 605 of this act.

25 **Sec. 603.** RCW 82.04.066 and 2010 1st sp.s. c 23 s 103 are each
26 amended to read as follows:

27 "Engaging within this state" and "engaging within the state,"
28 when used in connection with any apportionable activity as defined in
29 RCW 82.04.460 or wholesale sales taxable under RCW 82.04.257(1) or
30 82.04.270, means that a person generates gross income of the business
31 from sources within this state, such as customers or intangible
32 property located in this state, regardless of whether the person is
33 physically present in this state.

34 **Sec. 604.** RCW 82.04.067 and 2010 1st sp.s. c 23 s 104 are each
35 amended to read as follows:

36 (1) A person engaging in business is deemed to have substantial
37 nexus with this state if the person is:

38 (a) An individual and is a resident or domiciliary of this state;

1 (b) A business entity and is organized or commercially domiciled
2 in this state; or

3 (c) A nonresident individual or a business entity that is
4 organized or commercially domiciled outside this state, and in
5 (~~any~~) the immediately preceding tax year the person (~~has~~) had:

6 (i) More than fifty thousand dollars of property in this state;

7 (ii) More than fifty thousand dollars of payroll in this state;

8 (iii) More than two hundred fifty thousand dollars of receipts
9 from this state; or

10 (iv) At least twenty-five percent of the person's total property,
11 total payroll, or total receipts in this state.

12 (2)(a) Property counting toward the thresholds in subsection
13 (1)(c)(i) and (iv) of this section is the average value of the
14 taxpayer's property, including intangible property, owned or rented
15 and used in this state during the immediately preceding tax year.

16 (b)(i) Property owned by the taxpayer, other than loans and
17 credit card receivables owned by the taxpayer, is valued at its
18 original cost basis. Loans and credit card receivables owned by the
19 taxpayer are valued at their outstanding principal balance, without
20 regard to any reserve for bad debts. However, if a loan or credit
21 card receivable is charged off in whole or in part for federal income
22 tax purposes, the portion of the loan or credit card receivable
23 charged off is deducted from the outstanding principal balance.

24 (ii) Property rented by the taxpayer is valued at eight times the
25 net annual rental rate. For purposes of this subsection, "net annual
26 rental rate" means the annual rental rate paid by the taxpayer less
27 any annual rental rate received by the taxpayer from subrentals.

28 (c) The average value of property must be determined by averaging
29 the values at the beginning and ending of the tax year; but the
30 department may require the averaging of monthly values during the tax
31 year if reasonably required to properly reflect the average value of
32 the taxpayer's property.

33 (d)(i) For purposes of this subsection (2), loans and credit card
34 receivables are deemed owned and used in this state as follows:

35 (A) Loans secured by real property, personal property, or both
36 real and personal property(~~(r)~~) are deemed owned and used in the
37 state if the real property or personal property securing the loan is
38 located within this state. If the property securing the loan is
39 located both within this state and one or more other states, the loan
40 is deemed owned and used in this state if more than fifty percent of

1 the fair market value of the real or personal property is located
2 within this state. If more than fifty percent of the fair market
3 value of the real or personal property is not located within any one
4 state, then the loan is deemed owned and used in this state if the
5 borrower is located in this state. The determination of whether the
6 real or personal property securing a loan is located within this
7 state must be made, as of the time the original agreement was made,
8 and any and all subsequent substitutions of collateral must be
9 disregarded.

10 (B) Loans not secured by real or personal property are deemed
11 owned and used in this state if the borrower is located in this
12 state.

13 (C) Credit card receivables are deemed owned and used in this
14 state if the billing address of the cardholder is in this state.

15 (ii)(A) Except as otherwise provided in (d)(ii)(B) of this
16 subsection (2), the definitions in the multistate tax commission's
17 recommended formula for the apportionment and allocation of net
18 income of financial institutions as existing on June 1, 2010, or such
19 subsequent date as may be provided by the department by rule,
20 consistent with the purposes of this section, apply to this section.

21 (B) "Credit card" means a card or device existing for the purpose
22 of obtaining money, property, labor, or services on credit.

23 (e) Notwithstanding anything else to the contrary in this
24 subsection, property counting toward the thresholds in subsection
25 (1)(c)(i) and (iv) of this section does not include a person's
26 ownership of, or rights in, computer software as defined in RCW
27 82.04.215, including computer software used in providing a digital
28 automated service; master copies of software; and digital goods and
29 digital codes residing on servers located in this state.

30 (3)(a) Payroll counting toward the thresholds in subsection
31 (1)(c)(ii) and (iv) of this section is the total amount paid by the
32 taxpayer for compensation in this state during the immediately
33 preceding tax year plus nonemployee compensation paid to
34 representative third parties in this state. Nonemployee compensation
35 paid to representative third parties includes the gross amount paid
36 to nonemployees who represent the taxpayer in interactions with the
37 taxpayer's clients and includes sales commissions.

38 (b) Employee compensation is paid in this state if the
39 compensation is properly reportable to this state for unemployment

1 compensation tax purposes, regardless of whether the compensation was
2 actually reported to this state.

3 (c) Nonemployee compensation is paid in this state if the service
4 performed by the representative third party occurs entirely or
5 primarily within this state.

6 (d) For purposes of this subsection, "compensation" means wages,
7 salaries, commissions, and any other form of remuneration paid to
8 employees or nonemployees and defined as gross income under 26 U.S.C.
9 Sec. 61 of the federal internal revenue code of 1986, as existing on
10 June 1, 2010.

11 (4) Receipts counting toward the thresholds in subsection
12 (1)(c)(iii) and (iv) of this section are:

13 (a) Those amounts included in the numerator of the receipts
14 factor under RCW 82.04.462(~~and~~);

15 (b) For financial institutions, those amounts included in the
16 numerator of the receipts factor under the rule adopted by the
17 department as authorized in RCW 82.04.460(2); and

18 (c) For persons taxable under RCW 82.04.257(1) or 82.04.270 with
19 respect to wholesale sales, the gross proceeds of sales taxable under
20 those statutory provisions and sourced to this state in accordance
21 with RCW 82.32.730.

22 (5)(a) Each December, the department must review the cumulative
23 percentage change in the consumer price index. The department must
24 adjust the thresholds in subsection (1)(c)(i) through (iii) of this
25 section if the consumer price index has changed by five percent or
26 more since the later of June 1, 2010, or the date that the thresholds
27 were last adjusted under this subsection. For purposes of determining
28 the cumulative percentage change in the consumer price index, the
29 department must compare the consumer price index available as of
30 December 1st of the current year with the consumer price index as of
31 the later of June 1, 2010, or the date that the thresholds were last
32 adjusted under this subsection. The thresholds must be adjusted to
33 reflect that cumulative percentage change in the consumer price
34 index. The adjusted thresholds must be rounded to the nearest one
35 thousand dollars. Any adjustment will apply to tax periods that begin
36 after the adjustment is made.

37 (b) As used in this subsection, "consumer price index" means the
38 consumer price index for all urban consumers (CPI-U) available from
39 the bureau of labor statistics of the United States department of
40 labor.

1 (6)(a) Subsections (1) through (5) of this section only apply
2 with respect to the taxes (~~imposed under this chapter~~) on persons
3 engaged in apportionable activities as defined in RCW 82.04.460 or
4 making wholesale sales taxable under RCW 82.04.257(1) or 82.04.270.
5 For purposes of the taxes imposed under this chapter on any activity
6 not included in the definition of apportionable activities in RCW
7 82.04.460, other than the business of making wholesale sales taxed
8 under RCW 82.04.257(1) or 82.04.270, a person is deemed to have a
9 substantial nexus with this state if the person has a physical
10 presence in this state during the tax year, which need only be
11 demonstrably more than a slightest presence.

12 (b) For purposes of this subsection, a person is physically
13 present in this state if the person has property or employees in this
14 state.

15 (c)(i) A person is also physically present in this state for the
16 purposes of this subsection if the person, either directly or through
17 an agent or other representative, engages in activities in this state
18 that are significantly associated with the person's ability to
19 establish or maintain a market for its products in this state.

20 (ii) A remote seller as defined in section 602 of this act is
21 presumed to be engaged in activities in this state that are
22 significantly associated with the remote seller's ability to
23 establish or maintain a market for its products in this state if the
24 remote seller is presumed to have a substantial nexus with this state
25 under section 602 of this act. The presumption in this subsection
26 (6)(c)(ii) may be rebutted as provided in section 602 of this act. To
27 the extent that the presumption in section 602 of this act is no
28 longer operative pursuant to section 605 of this act, the presumption
29 in this subsection (6)(c)(ii) is no longer operative. Nothing in this
30 section may be construed to affect in any way RCW 82.04.424,
31 82.08.050(11), or 82.12.040(5) or to narrow the scope of the terms
32 "agent" or "other representative" in this subsection (6)(c).

33 NEW SECTION. Sec. 605. A new section is added to chapter 82.32
34 RCW to read as follows:

35 (1) If the department determines that a change, taking effect
36 after the effective date of this section, in the streamlined sales
37 and use tax agreement or federal law creates a conflict with any
38 provision of section 602 of this act, such conflicting provision or
39 provisions of section 602 of this act, including any related

1 provisions that would not function as originally intended, have no
2 further force and effect as of the date the change in the streamlined
3 sales and use tax agreement or federal law becomes effective.

4 (2) For purposes of this section:

5 (a) A change in federal law conflicts with section 602 of this
6 act if the change clearly allows states to impose greater sales and
7 use tax collection obligations on remote sellers than provided for,
8 or clearly prevents states from imposing sales and use tax collection
9 obligations on remote sellers to the extent provided for, under
10 section 602 of this act.

11 (b) A change in the streamlined sales and use tax agreement
12 conflicts with section 602 of this act if one or more provisions of
13 section 602 of this act causes this state to be found out of
14 compliance with the streamlined sales and use tax agreement by its
15 governing board.

16 (3) If the department makes a determination under this section
17 that a change in federal law or the streamlined sales and use tax
18 agreement conflicts with one or more provisions of section 602 of
19 this act, the department:

20 (a) May adopt rules in accordance with chapter 34.05 RCW that are
21 consistent with the streamlined sales and use tax agreement and that
22 impose sales and use tax collection obligations on remote sellers to
23 the fullest extent allowed under state and federal law; and

24 (b) Must include information on its web site informing taxpayers
25 and the public (i) of the provision or provisions of section 602 of
26 this act that will have no further force and effect, (ii) when such
27 change will become effective, and (iii) about how to participate in
28 any rule making conducted by the department in accordance with (a) of
29 this subsection (3).

30 (4) For purposes of this section, "remote seller" has the same
31 meaning as in section 602 of this act.

32 **Sec. 606.** RCW 82.04.424 and 2003 c 76 s 2 are each amended to
33 read as follows:

34 (1) This chapter does not apply to a person making retail sales
35 in Washington if:

36 (a) The person's activities in this state, whether conducted
37 directly or through another person, are limited to:

38 (i) The storage, dissemination, or display of advertising;

39 (ii) The taking of orders; or

1 (iii) The processing of payments; and

2 (b) The activities are conducted electronically via a web site on
3 a server or other computer equipment located in Washington that is
4 not owned or operated by the person making sales into this state nor
5 owned or operated by an affiliated person. For purposes of this
6 section, persons are "affiliated persons" with respect to each other
7 where one of the persons has an ownership interest of more than five
8 percent, whether direct or indirect, in the other, or where an
9 ownership interest of more than five percent, whether direct or
10 indirect, is held in each of the persons by another person or by a
11 group of other persons which are affiliated with respect to each
12 other.

13 (2)(a) This section expires when: ((+a+)) (i) The United States
14 congress grants individual states the authority to impose sales and
15 use tax collection duties on remote sellers; or ((+b+)) (ii) it is
16 determined by a court of competent jurisdiction, in a judgment not
17 subject to review, that a state can impose sales and use tax
18 collection duties on remote sellers.

19 (b) The department of revenue must provide notice of the
20 expiration date of this section to affected parties, the chief clerk
21 of the house of representatives, the secretary of the senate, the
22 office of the code reviser, and others as deemed appropriate by the
23 department.

24 **PART VII**

25 **Real Estate Excise Tax on Foreclosures**

26 NEW SECTION. **Sec. 701.** The legislature finds that the existing
27 real estate excise tax exemption for transfers occurring in the
28 context of bank foreclosures and the enforcement of judgments by
29 creditors does not benefit distressed homeowners except in limited
30 circumstances. The exemption has been broadly used to exempt sales
31 made to third-party buyers by combining an unrelated sales
32 transaction into the foreclosure proceeding. In addition, there have
33 been questions raised in litigation whether the exemption applies to
34 orders of sales arising in any court context, rather than those
35 expressly identified in the existing exemption. It is the intent of
36 the legislature to (1) eliminate the real estate excise tax exemption
37 for transfers that occur in foreclosures except in circumstances
38 where the tax would impact the owner of the property, and (2)

1 restructure the existing statute to preserve the exemption for deeds
2 given in lieu of the foreclosure process and transfers made to
3 extinguish existing security interests. Because this restructuring is
4 intended only to clarify and preserve existing exemptions, the
5 legislature does not intend for the provisions of RCW 82.32.805 or
6 82.32.808 to apply to sections 702 and 703 of this act.

7 **Sec. 702.** RCW 82.45.010 and 2014 c 58 s 24 are each amended to
8 read as follows:

9 (1) As used in this chapter, the term "sale" has its ordinary
10 meaning and includes any conveyance, grant, assignment, quitclaim, or
11 transfer of the ownership of or title to real property, including
12 standing timber, or any estate or interest therein for a valuable
13 consideration, and any contract for such conveyance, grant,
14 assignment, quitclaim, or transfer, and any lease with an option to
15 purchase real property, including standing timber, or any estate or
16 interest therein or other contract under which possession of the
17 property is given to the purchaser, or any other person at the
18 purchaser's direction, and title to the property is retained by the
19 vendor as security for the payment of the purchase price. The term
20 also includes the grant, assignment, quitclaim, sale, or transfer of
21 improvements constructed upon leased land.

22 (2)(a) The term "sale" also includes the transfer or acquisition
23 within any twelve-month period of a controlling interest in any
24 entity with an interest in real property located in this state for a
25 valuable consideration.

26 (b) For the sole purpose of determining whether, pursuant to the
27 exercise of an option, a controlling interest was transferred or
28 acquired within a twelve-month period, the date that the option
29 agreement was executed is the date on which the transfer or
30 acquisition of the controlling interest is deemed to occur. For all
31 other purposes under this chapter, the date upon which the option is
32 exercised is the date of the transfer or acquisition of the
33 controlling interest.

34 (c) For purposes of this subsection, all acquisitions of persons
35 acting in concert must be aggregated for purposes of determining
36 whether a transfer or acquisition of a controlling interest has taken
37 place. The department must adopt standards by rule to determine when
38 persons are acting in concert. In adopting a rule for this purpose,
39 the department must consider the following:

1 (i) Persons must be treated as acting in concert when they have a
2 relationship with each other such that one person influences or
3 controls the actions of another through common ownership; and

4 (ii) When persons are not commonly owned or controlled, they must
5 be treated as acting in concert only when the unity with which the
6 purchasers have negotiated and will consummate the transfer of
7 ownership interests supports a finding that they are acting as a
8 single entity. If the acquisitions are completely independent, with
9 each purchaser buying without regard to the identity of the other
10 purchasers, then the acquisitions are considered separate
11 acquisitions.

12 (3) The term "sale" does not include:

13 (a) A transfer by gift, devise, or inheritance.

14 (b) A transfer by transfer on death deed, to the extent that it
15 is not in satisfaction of a contractual obligation of the decedent
16 owed to the recipient of the property.

17 (c) A transfer of any leasehold interest other than of the type
18 mentioned above.

19 (d) A cancellation or forfeiture of a vendee's interest in a
20 contract for the sale of real property, whether or not such contract
21 contains a forfeiture clause, or deed in lieu of foreclosure of ((a
22 ~~mortgage~~)) either a mortgage or deed of trust, except to the extent
23 of any additional consideration provided to the grantor.

24 (e) The partition of property by tenants in common by agreement
25 or as the result of a court decree.

26 (f) The assignment of property or interest in property from one
27 spouse or one domestic partner to the other spouse or other domestic
28 partner in accordance with the terms of a decree of dissolution of
29 marriage or state registered domestic partnership or in fulfillment
30 of a property settlement agreement.

31 (g) The assignment or other transfer of a vendor's interest in a
32 contract for the sale of real property, even though accompanied by a
33 conveyance of the vendor's interest in the real property involved.

34 (h) Transfers by appropriation or decree in condemnation
35 proceedings brought by the United States, the state or any political
36 subdivision thereof, or a municipal corporation.

37 (i) A mortgage, deed of trust, or other transfer of an interest
38 in real property merely to secure a debt, or the assignment,
39 reconveyance, or release thereof.

1 (j) Any transfer or conveyance made pursuant to a foreclosure of
2 a mortgage or deed of trust, or an order of sale by the court in any
3 mortgage, deed of trust, or lien foreclosure proceeding or upon
4 execution of a judgment(~~(, or deed in lieu of foreclosure to satisfy~~
5 ~~a mortgage or deed of trust)) pursuant to chapter 6.17 RCW, when:~~

6 (i) The transfer or conveyance is to other than the mortgagee,
7 beneficiary of the deed of trust, lienholder, or judgment creditor,
8 and the selling price exceeds the amount of the lien, security
9 interest, or judgment that is the subject of the foreclosure or
10 execution; or

11 (ii) The transfer or conveyance is to the United States, this
12 state, or any political subdivision thereof, or a municipal
13 corporation of this state.

14 (k) A conveyance to the federal housing administration or
15 veterans administration by an authorized mortgagee made pursuant to a
16 contract of insurance or guaranty with the federal housing
17 administration or veterans administration.

18 (l) A transfer in compliance with the terms of any lease or
19 contract upon which the tax as imposed by this chapter has been paid
20 or where the lease or contract was entered into prior to the date
21 this tax was first imposed.

22 (m) The sale of any grave or lot in an established cemetery.

23 (n) A sale by the United States, this state or any political
24 subdivision thereof, or a municipal corporation of this state.

25 (o) A sale to a regional transit authority or public corporation
26 under RCW 81.112.320 under a sale/leaseback agreement under RCW
27 81.112.300.

28 (p) A transfer of real property, however effected, if it consists
29 of a mere change in identity or form of ownership of an entity where
30 there is no change in the beneficial ownership. These include
31 transfers to a corporation or partnership which is wholly owned by
32 the transferor and/or the transferor's spouse or domestic partner or
33 children of the transferor or the transferor's spouse or domestic
34 partner. However, if thereafter such transferee corporation or
35 partnership voluntarily transfers such real property, or such
36 transferor, spouse or domestic partner, or children of the transferor
37 or the transferor's spouse or domestic partner voluntarily transfer
38 stock in the transferee corporation or interest in the transferee
39 partnership capital, as the case may be, to other than (i) the
40 transferor and/or the transferor's spouse or domestic partner or

1 children of the transferor or the transferor's spouse or domestic
2 partner, (ii) a trust having the transferor and/or the transferor's
3 spouse or domestic partner or children of the transferor or the
4 transferor's spouse or domestic partner as the only beneficiaries at
5 the time of the transfer to the trust, or (iii) a corporation or
6 partnership wholly owned by the original transferor and/or the
7 transferor's spouse or domestic partner or children of the transferor
8 or the transferor's spouse or domestic partner, within three years of
9 the original transfer to which this exemption applies, and the tax on
10 the subsequent transfer has not been paid within sixty days of
11 becoming due, excise taxes become due and payable on the original
12 transfer as otherwise provided by law.

13 (q)(i) A transfer that for federal income tax purposes does not
14 involve the recognition of gain or loss for entity formation,
15 liquidation or dissolution, and reorganization, including but not
16 limited to nonrecognition of gain or loss because of application of
17 26 U.S.C. Sec. 332, 337, 351, 368(a)(1), 721, or 731 of the internal
18 revenue code of 1986, as amended.

19 (ii) However, the transfer described in (q)(i) of this subsection
20 cannot be preceded or followed within a twelve-month period by
21 another transfer or series of transfers, that, when combined with the
22 otherwise exempt transfer or transfers described in (q)(i) of this
23 subsection, results in the transfer of a controlling interest in the
24 entity for valuable consideration, and in which one or more persons
25 previously holding a controlling interest in the entity receive cash
26 or property in exchange for any interest the person or persons acting
27 in concert hold in the entity. This subsection (3) (q)(ii) does not
28 apply to that part of the transfer involving property received that
29 is the real property interest that the person or persons originally
30 contributed to the entity or when one or more persons who did not
31 contribute real property or belong to the entity at a time when real
32 property was purchased receive cash or personal property in exchange
33 for that person or persons' interest in the entity. The real estate
34 excise tax under this subsection (3)(q)(ii) is imposed upon the
35 person or persons who previously held a controlling interest in the
36 entity.

37 (r) A qualified sale of a manufactured/mobile home community, as
38 defined in RCW 59.20.030, that takes place on or after June 12, 2008,
39 but before December 31, 2018.

1 is assessed a total penalty of (~~twenty-five~~) twenty-eight percent
2 of the amount of the tax under this subsection. No penalty so added
3 may be less than five dollars.

4 (2) If the department of revenue determines that any tax has been
5 substantially underpaid, there is assessed a penalty of five percent
6 of the amount of the tax determined by the department to be due. If
7 payment of any tax determined by the department to be due is not
8 received by the department by the due date specified in the notice,
9 or any extension thereof, there is assessed a total penalty of
10 fifteen percent of the amount of the tax under this subsection; and
11 if payment of any tax determined by the department to be due is not
12 received on or before the thirtieth day following the due date
13 specified in the notice of tax due, or any extension thereof, there
14 is assessed a total penalty of twenty-five percent of the amount of
15 the tax under this subsection. No penalty so added may be less than
16 five dollars. As used in this section, "substantially underpaid"
17 means that the taxpayer has paid less than eighty percent of the
18 amount of tax determined by the department to be due for all of the
19 types of taxes included in, and for the entire period of time covered
20 by, the department's examination, and the amount of underpayment is
21 at least one thousand dollars.

22 (3) If a warrant is issued by the department of revenue for the
23 collection of taxes, increases, and penalties, there is added thereto
24 a penalty of ten percent of the amount of the tax, but not less than
25 ten dollars.

26 (4) If the department finds that a person has engaged in any
27 business or performed any act upon which a tax is imposed under this
28 title and that person has not obtained from the department a
29 registration certificate as required by RCW 82.32.030, the department
30 must impose a penalty of five percent of the amount of tax due from
31 that person for the period that the person was not registered as
32 required by RCW 82.32.030. The department may not impose the penalty
33 under this subsection (4) if a person who has engaged in business
34 taxable under this title without first having registered as required
35 by RCW 82.32.030, prior to any notification by the department of the
36 need to register, obtains a registration certificate from the
37 department.

38 (5) If the department finds that a taxpayer has disregarded
39 specific written instructions as to reporting or tax liabilities, or
40 willfully disregarded the requirement to file returns or remit

1 payment electronically, as provided by RCW 82.32.080, the department
2 must add a penalty of ten percent of the amount of the tax that
3 should have been reported and/or paid electronically or the
4 additional tax found due if there is a deficiency because of the
5 failure to follow the instructions. A taxpayer disregards specific
6 written instructions when the department has informed the taxpayer in
7 writing of the taxpayer's tax obligations and the taxpayer fails to
8 act in accordance with those instructions unless, in the case of a
9 deficiency, the department has not issued final instructions because
10 the matter is under appeal pursuant to this chapter or departmental
11 regulations. The department may not assess the penalty under this
12 section upon any taxpayer who has made a good faith effort to comply
13 with the specific written instructions provided by the department to
14 that taxpayer. A taxpayer will be considered to have made a good
15 faith effort to comply with specific written instructions to file
16 returns and/or remit taxes electronically only if the taxpayer can
17 show good cause, as defined in RCW 82.32.080, for the failure to
18 comply with such instructions. A taxpayer will be considered to have
19 willfully disregarded the requirement to file returns or remit
20 payment electronically if the department has mailed or otherwise
21 delivered the specific written instructions to the taxpayer on at
22 least two occasions. Specific written instructions may be given as a
23 part of a tax assessment, audit, determination, closing agreement, or
24 other written communication, provided that such specific written
25 instructions apply only to the taxpayer addressed or referenced on
26 such communication. Any specific written instructions by the
27 department must be clearly identified as such and must inform the
28 taxpayer that failure to follow the instructions may subject the
29 taxpayer to the penalties imposed by this subsection. If the
30 department determines that it is necessary to provide specific
31 written instructions to a taxpayer that does not comply with the
32 requirement to file returns or remit payment electronically as
33 provided in RCW 82.32.080, the specific written instructions must
34 provide the taxpayer with a minimum of forty-five days to come into
35 compliance with its electronic filing and/or payment obligations
36 before the department may impose the penalty authorized in this
37 subsection.

38 (6) If the department finds that all or any part of a deficiency
39 resulted from engaging in a disregarded transaction, as described in
40 RCW 82.32.655(3), the department must assess a penalty of thirty-five

1 percent of the additional tax found to be due as a result of engaging
2 in a transaction disregarded by the department under RCW
3 82.32.655(2). The penalty provided in this subsection may be assessed
4 together with any other applicable penalties provided in this section
5 on the same tax found to be due, except for the evasion penalty
6 provided in subsection (7) of this section. The department may not
7 assess the penalty under this subsection if, before the department
8 discovers the taxpayer's use of a transaction described under RCW
9 82.32.655(3), the taxpayer discloses its participation in the
10 transaction to the department.

11 (7) If the department finds that all or any part of the
12 deficiency resulted from an intent to evade the tax payable
13 hereunder, a further penalty of fifty percent of the additional tax
14 found to be due must be added.

15 (8) The penalties imposed under subsections (1) through (4) of
16 this section can each be imposed on the same tax found to be due.
17 This subsection does not prohibit or restrict the application of
18 other penalties authorized by law.

19 (9) The department may not impose the evasion penalty in
20 combination with the penalty for disregarding specific written
21 instructions or the penalty provided in subsection (6) of this
22 section on the same tax found to be due.

23 (10) For the purposes of this section, "return" means any
24 document a person is required by the state of Washington to file to
25 satisfy or establish a tax or fee obligation that is administered or
26 collected by the department, and that has a statutorily defined due
27 date.

28 NEW SECTION. **Sec. 802.** Section 801 of this act applies
29 beginning with tax returns due on or after the effective date of this
30 section.

31 **PART IX**
32 **Requiring Local Governments that Issue Building Permits to Supply**
33 **Contractor Information to the Department of Revenue**

34 **Sec. 901.** RCW 18.27.110 and 1997 c 314 s 11 are each amended to
35 read as follows:

36 (1)(a) No city, town or county (~~shall~~) may issue a construction
37 building permit for work which is to be done by any contractor

1 required to be registered under this chapter without verification
2 (~~that such contractor is currently registered as required by law.~~
3 ~~When such verification is made, nothing contained in this section is~~
4 ~~intended to be, nor shall be construed to create, or form the basis~~
5 ~~for any liability under this chapter on the part of any city, town or~~
6 ~~county, or its officers, employees or agents. However, failure to~~
7 ~~verify the contractor registration number results in liability to the~~
8 ~~city, town, or county to a penalty to be imposed according to RCW~~
9 ~~18.27.100(7)(a)) of the contractor's unified business identifier
10 number and that such contractor is currently registered as required
11 by law. Information regarding the contractor must be obtained at the
12 time the building permit is applied for. The requirement in this
13 subsection (1)(a) to verify a contractor's registration and unified
14 business identifier number does not apply with respect to
15 subcontractors.~~

16 (b)(i) When a general contractor, including a property owner
17 acting as a general contractor, requests a final inspection, the
18 city, town, or county that issued the building permit must request
19 from the general contractor the name, unified business identifier
20 number, and contractor registration number of any subcontractors that
21 performed any portion of the work under the building permit. The
22 department of revenue must develop a form for this purpose and make
23 it available, at no cost, to the cities, towns, and counties.

24 (ii) Cities, towns, and counties may charge general contractors
25 and property owners acting as a general contractor a fee to defray
26 the cost of collecting the information required in this subsection
27 (1)(b) and providing the information to the department of revenue as
28 required in (f) of this subsection (1).

29 (iii) This subsection (1)(b) only applies with respect to
30 construction on single-family dwellings and multifamily residential
31 buildings as defined in RCW 19.27.015.

32 (c) A general contractor or building permit applicant must
33 provide a city, town, or county with complete and accurate
34 information about the contractor and any subcontractors as requested
35 by the city, town, or county pursuant to (a) and (b) of this
36 subsection (1).

37 (d) When the verification is made and the information requested,
38 as required in (a) and (b) of this subsection (1), nothing contained
39 in this section is intended to be, nor shall be construed to create,

1 or form the basis for any liability under this chapter on the part of
2 any city, town, or county, or its officers, employees, or agents.

3 (e) However, failure to comply with the provisions of (a) of this
4 subsection (1) results in liability to the city, town, or county to a
5 penalty to be imposed according to RCW 18.27.100(8)(a). The state
6 auditor must monitor compliance with the provisions of (b) of this
7 subsection (1).

8 (f) Cities, towns, and counties must furnish the information
9 collected pursuant to (a) and (b) of this subsection (1) to the
10 department of revenue monthly at no charge to the department. The
11 information must be provided in a format requested by the department.
12 The department of revenue must, upon request, share such information
13 with the department of labor and industries and the employment
14 security department.

15 (2) At the time of issuing the building permit, all cities,
16 towns, or counties are responsible for:

17 (a) Printing the contractor registration number on the building
18 permit; and

19 (b) Providing a written notice to the building permit applicant
20 informing them of contractor registration laws and the potential risk
21 and monetary liability to the homeowner for using an unregistered
22 contractor.

23 (3) If a building permit is obtained by an applicant or
24 contractor who falsifies information to obtain an exemption provided
25 under RCW 18.27.090 or who violates subsection (1)(c) of this section
26 by providing materially incomplete or inaccurate information to a
27 city, town, or county, the building permit ((shall)) must be
28 forfeited.

29 **Sec. 902.** RCW 18.27.200 and 2007 c 436 s 9 are each amended to
30 read as follows:

31 (1) It is a violation of this chapter and an infraction for any
32 contractor to:

33 (a) Advertise, offer to do work, submit a bid, or perform any
34 work as a contractor without being registered as required by this
35 chapter;

36 (b) Advertise, offer to do work, submit a bid, or perform any
37 work as a contractor when the contractor's registration is suspended
38 or revoked;

1 (c) Transfer a valid registration to an unregistered contractor
2 or allow an unregistered contractor to work under a registration
3 issued to another contractor;

4 (d) If the contractor is a contractor as defined in RCW
5 18.106.010, violate RCW 18.106.320; (~~(e)~~)

6 (e) Subcontract to, or use, an unregistered contractor; or

7 (f) Provide materially incomplete or inaccurate information to a
8 city, town, or county pursuant to a request for information as
9 required by RCW 18.27.110.

10 (2) Each day that a contractor works without being registered as
11 required by this chapter, works while the contractor's registration
12 is suspended or revoked, or works under a registration issued to
13 another contractor is a separate infraction. Each worksite at which a
14 contractor works without being registered as required by this
15 chapter, works while the contractor's registration is suspended or
16 revoked, or works under a registration issued to another contractor
17 is a separate infraction.

18 PART X

19 Transfers to Education Legacy Trust Account

20 NEW SECTION. **Sec. 1001.** A new section is added to chapter 82.32
21 RCW to read as follows:

22 (1) By the last workday of the second and fourth calendar
23 quarters, the state treasurer must transfer the amount specified in
24 subsection (2) of this section from the general fund to the education
25 legacy trust account. The first transfer under this subsection (1)
26 must occur by December 31, 2015.

27 (2) By December 15th and by June 15th of each year, the
28 department must estimate the increase in state general fund revenues
29 from the changes made under parts I through IX of this act for the
30 current and prior calendar quarters and notify the state treasurer of
31 the increase.

32 NEW SECTION. **Sec. 1002.** A new section is added to chapter
33 43.135 RCW to read as follows:

34 RCW 43.135.034(4) does not apply to the transfers under section
35 1001 of this act.

1 The appropriations in this section are subject to the following
2 conditions and limitations: The appropriations are provided solely
3 for the implementation of legislation impacting the department.

4 NEW SECTION. **Sec. 1103. FOR THE SUPERINTENDENT OF PUBLIC**
5 **INSTRUCTION**

6 Education Legacy Trust Account—State Appropriation . . . \$4,867,000

7 The appropriation in this section is subject to the following
8 conditions and limitations:

9 (1) \$1,000,000 of the general fund—state appropriation for fiscal
10 year 2016 and \$1,000,000 of the general fund—state appropriation for
11 fiscal year 2017 are provided solely for the implementation of the
12 computer science and education grant program, adopted pursuant to
13 chapter 3, Laws of 2015 1st sp. sess. (Substitute House Bill No.
14 1813) (computer science).

15 (2) \$674,000 of the general fund—state appropriation for fiscal
16 year 2016 and \$1,485,000 of the general fund—state appropriation for
17 fiscal year 2017 are provided solely for the Washington state
18 achievers scholarship and Washington higher education readiness
19 program. The funds shall be used to: (a) Support community
20 involvement officers that recruit, train, and match community
21 volunteer mentors with students selected as achievers scholars; and
22 (b) identify and reduce barriers to college for low-income and
23 underserved middle and high school students.

24 (3) \$354,000 of the general fund—state appropriation for fiscal
25 year 2016 and \$354,000 of the general fund—state appropriation for
26 fiscal year 2017 are provided solely for contracting with a college
27 scholarship organization with expertise in conducting outreach to
28 students concerning eligibility for the Washington college bound
29 scholarship consistent with chapter 405, Laws of 2007.

30 NEW SECTION. **Sec. 1104. FOR THE SUPERINTENDENT OF PUBLIC**
31 **INSTRUCTION—EDUCATION REFORM PROGRAMS**

32 Education Legacy Trust Account—State Appropriation . . . \$2,000,000

33 The appropriation in this section is subject to the following
34 conditions and limitations: The appropriation is provided solely for
35 a statewide information technology (IT) academy program. This public-
36 private partnership will provide educational software, as well as IT

1 certification and software training opportunities for students and
2 staff in public middle schools.

3 NEW SECTION. **Sec. 1105. FOR THE SUPERINTENDENT OF PUBLIC**
4 **INSTRUCTION—BASIC EDUCATION EMPLOYEE COMPENSATION**

5 (1) The LEAP documents and tables in this section supersede the
6 LEAP documents and tables in section 503, chapter . . . (Engrossed
7 House Bill No. 1106), Laws of 2015 2nd sp. sess.

8 (2) For the purposes of the section:

9 (a) "LEAP Document 1" means the staff mix factors for
10 certificated instructional staff according to education and years of
11 experience, as developed by the legislative evaluation and
12 accountability program committee on June 19, 2015, at 12:15 hours;
13 and

14 (b) "LEAP Document 2" means the school year salary allocations
15 for certificated administrative staff and classified staff and
16 derived and total base salaries for certificated instructional staff
17 as developed by the legislative evaluation and accountability program
18 committee on June 19, 2015, at 12:15 hours.

19 (3) Pursuant to RCW 28A.150.410, the following state-wide salary
20 allocation schedules for certificated instructional staff are
21 established for basic education salary allocations:

22 [PLACEHOLDER]

23 NEW SECTION. **Sec. 1106. FOR THE SUPERINTENDENT OF PUBLIC**
24 **INSTRUCTION—FOR SCHOOL EMPLOYEE COMPENSATION ADJUSTMENTS**

25 Education Legacy Trust Account—State Appropriation . . . \$152,294,000

26 The appropriation in this section is subject to the following
27 conditions and limitations: When added to amounts provided in section
28 504, chapter . . . (Engrossed House Bill No. 1106), Laws of 2015 2nd
29 sp. sess. for Initiative Measure No. 732 salary percentage increases
30 of 1.8 percent effective September 1, 2015, and 1.2 percent effective
31 September 1, 2016, the amount in this section is sufficient to
32 provide total salary increase percentages of 3.0 percent effective
33 September 1, 2015, and 1.8 percent effective September 1, 2016.

34 NEW SECTION. **Sec. 1107. FOR THE SUPERINTENDENT OF PUBLIC**
35 **INSTRUCTION—FOR LOCAL EFFORT ASSISTANCE**

1 For purposes of RCW 84.52.0531, the increase per full-time
 2 equivalent student is 3.17 percent from the 2015-16 to the 2016-17
 3 school year. This amount supersedes the increase specified in section
 4 509, chapter . . . (Engrossed House Bill No. 1106), Laws of 2015 2nd
 5 sp. sess.

6 NEW SECTION. **Sec. 1108.**

7 **Table Of Total Base Salaries For Certificated Instructional Staff**
 8 **For School Year 2015-16**

9 *** Education Experience ***

10	Years	MA+90								
11	of	OR								
12	Service	BA	BA+15	BA+30	BA+45	BA+90	BA+135	MA	MA+45	Ph.D.
13	0	35,069	36,016	36,997	37,981	41,137	43,170	42,045	45,201	47,235
14	1	35,541	36,501	37,495	38,522	41,711	43,732	42,512	45,701	47,722
15	2	35,991	36,960	37,965	39,071	42,250	44,293	42,983	46,162	48,205
16	3	36,454	37,433	38,448	39,589	42,763	44,855	43,429	46,600	48,693
17	4	36,909	37,931	38,952	40,133	43,325	45,432	43,896	47,089	49,197
18	5	37,378	38,405	39,436	40,683	43,863	46,013	44,371	47,553	49,703
19	6	37,861	38,865	39,932	41,240	44,405	46,566	44,859	48,024	50,184
20	7	38,709	39,728	40,809	42,188	45,401	47,621	45,771	48,982	51,204
21	8	39,950	41,025	42,131	43,625	46,881	49,183	47,206	50,463	52,764
22	9		42,368	43,529	45,077	48,409	50,789	48,657	51,991	54,371
23	10			44,944	46,604	49,979	52,439	50,185	53,562	56,021
24	11				48,175	51,624	54,133	51,756	55,207	57,714
25	12				49,696	53,313	55,897	53,389	56,895	59,479
26	13					55,043	57,704	55,079	58,624	61,285
27	14					56,781	59,579	56,819	60,477	63,161
28	15					58,259	61,129	58,296	62,049	64,803
29	16 or					59,423	62,351	59,462	63,290	66,099
30	more									

31
 32 **Table Of Total Base Salaries For Certificated Instructional Staff**
 33 **For School Year 2016-17**

*** Education Experience ***

Years of Service	<u>BA</u>	<u>BA+15</u>	<u>BA+30</u>	<u>BA+45</u>	<u>BA+90</u>	<u>BA+135</u>	<u>MA</u>	<u>MA+45</u>	<u>Ph.D.</u>	MA+90 OR
0	35,700	36,664	37,663	38,665	41,877	43,946	42,801	46,014	48,085	
1	36,181	37,158	38,170	39,215	42,461	44,519	43,277	46,523	48,580	
2	36,638	37,625	38,648	39,774	43,011	45,090	43,756	46,993	49,073	
3	37,110	38,107	39,140	40,302	43,533	45,662	44,210	47,439	49,569	
4	37,573	38,613	39,653	40,855	44,104	46,250	44,686	47,936	50,082	
5	38,051	39,096	40,146	41,415	44,652	46,841	45,170	48,409	50,597	
6	38,542	39,565	40,650	41,982	45,204	47,404	45,666	48,888	51,087	
7	39,405	40,443	41,543	42,947	46,218	48,478	46,595	49,863	52,125	
8	40,669	41,763	42,889	44,410	47,724	50,068	48,056	51,371	53,714	
9		43,131	44,313	45,888	49,280	51,703	49,533	52,926	55,350	
10			45,752	47,442	50,879	53,383	51,088	54,526	57,029	
11				49,041	52,553	55,107	52,687	56,200	58,753	
12				50,590	54,272	56,903	54,350	57,918	60,550	
13					56,033	58,742	56,070	59,679	62,388	
14					57,803	60,651	57,842	61,565	64,297	
15					59,307	62,229	59,345	63,165	65,969	
16 or more					60,493	63,472	60,532	64,429	67,288	

**NEW SECTION. Sec. 1109. FOR THE STUDENT ACHIEVEMENT COUNCIL—
OFFICE OF STUDENT FINANCIAL ASSISTANCE**

Education Legacy Trust Account—State Appropriation . . . \$24,000,000

The appropriation in this section is subject to the following conditions and limitations: The appropriation is provided solely to meet state match requirements associated with the opportunity scholarship program.

NEW SECTION. Sec. 1110. FOR THE DEPARTMENT OF EARLY LEARNING

Education Legacy Trust Account—State Appropriation. . . . \$28,250,000

The appropriation in this section is subject to the following conditions and limitations:

1 (1) \$24,250,000 of the appropriation is provided solely for the
2 early childhood education and assistance program. This amount shall
3 support at least 1,600 slots in fiscal year 2016 and 1,600 slots in
4 fiscal year 2017.

5 (2) \$4,000,000 of the appropriation is provided solely for early
6 intervention assessment and services.

7 NEW SECTION. **Sec. 1111. FOR THE UNIVERSITY OF WASHINGTON**

8 Education Legacy Trust Account—State Appropriation . . .	\$38,084,000
9 State Building Construction Account Appropriation	\$32,000,000
10 TOTAL APPROPRIATION.	\$70,084,000

11 The appropriations in this section are subject to the following
12 conditions and limitations:

13 (1) \$12,000,000 of the education legacy trust account—state
14 appropriation is provided solely for the expansion of degrees in the
15 department of computer science and engineering at the Seattle campus.

16 (2) \$8,000,000 of the education legacy trust account—state
17 appropriation is provided solely for the family medicine residency
18 network at the university to expand the number of residency slots
19 available in Washington.

20 (3) \$18,084,000 of the education legacy trust account—state
21 appropriation is provided to freeze resident undergraduate tuition
22 and provide additional state support to the university.

23 (4) \$32,000,000 of the state building construction account
24 appropriation is provided solely to create expansion space for the
25 university's computer science and engineering program.

26 NEW SECTION. **Sec. 1112. FOR THE WASHINGTON STATE UNIVERSITY**

27 Education Legacy Trust Account—State Appropriation . . .	\$12,849,000
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28 The appropriation in this section is subject to the following
29 conditions and limitations:

30 (1) \$2,500,000 of the appropriation is provided solely for the
31 university to establish a medical school.

32 (2) \$10,349,000 of the appropriation is provided to freeze
33 resident undergraduate tuition and provide additional state support
34 to the university.

35 NEW SECTION. **Sec. 1113. FOR THE EASTERN WASHINGTON UNIVERSITY**

36 Education Legacy Trust Account—State Appropriation	\$3,228,000
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1 The appropriation in this section is subject to the following
2 conditions and limitations: The appropriation is provided to freeze
3 resident undergraduate tuition and provide additional state support
4 to the university.

5 NEW SECTION. **Sec. 1114. FOR THE CENTRAL WASHINGTON UNIVERSITY**
6 Education Legacy Trust Account—State Appropriation . . . \$2,806,000

7 The appropriation in this section is subject to the following
8 conditions and limitations: The appropriation is provided to freeze
9 resident undergraduate tuition and provide additional state support
10 to the university.

11 NEW SECTION. **Sec. 1115. FOR THE EVERGREEN STATE COLLEGE**
12 Education Legacy Trust Account—State Appropriation . . . \$1,393,000

13 The appropriation in this section is subject to the following
14 conditions and limitations: The appropriation is provided to freeze
15 resident undergraduate tuition and provide additional state support
16 to the college.

17 NEW SECTION. **Sec. 1116. FOR THE WESTERN WASHINGTON UNIVERSITY**
18 Education Legacy Trust Account—State Appropriation . . . \$4,178,000

19 The appropriation in this section is subject to the following
20 conditions and limitations: The appropriation is provided to freeze
21 resident undergraduate tuition and provide additional state support
22 to the university.

23 NEW SECTION. **Sec. 1117. FOR THE STATE BOARD FOR COMMUNITY AND**
24 **TECHNICAL COLLEGES**

25 Education Legacy Trust Account—State Appropriation . . . \$17,109,000

26 The appropriation in this section is subject to the following
27 conditions and limitations:

28 (1) \$2,500,000 of the appropriation is provided solely for the
29 expansion of the mathematics, engineering, and science achievement
30 program. The state board shall report back to the appropriate
31 committees of the legislature on the number of campuses and students
32 served by December 31, 2018.

1 (2) \$14,609,000 of the appropriation is provided to freeze
2 resident tuition and provide additional state support for the
3 community and technical colleges.

4 NEW SECTION. **Sec. 1118. FOR THE STATE TREASURER—BOND RETIREMENT**
5 **AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR**
6 **DEBT SUBJECT TO THE DEBT LIMIT**

7	General Fund—State Appropriation (FY 2016)	\$3,955,000
8	General Fund—State Appropriation (FY 2017)	\$32,845,000
9	Columbia River Basin Water Supply Development	
10	Account—State Appropriation.	\$24,000
11	State Taxable Building Construction Account—State	
12	Appropriation.	\$262,000
13	Columbia River Basin Taxable Bond Water Supply Development	
14	Account—State Appropriation.	\$53,000
15	TOTAL APPROPRIATION.	\$37,139,000

16 The appropriations in this section support capital budget
17 appropriations for the 2015-2017 fiscal biennium and are subject to
18 the following conditions and limitations: The general fund
19 appropriations are for expenditure into the debt-limit general fund
20 bond retirement account.

21 NEW SECTION. **Sec. 1119. FOR THE STATE TREASURER—BOND RETIREMENT**
22 **AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR**
23 **BOND SALE EXPENSES**

24	Columbia River Basin Water Supply Development Account—State	
25	Appropriation.	\$6,000
26	State Taxable Building Construction Account—State	
27	Appropriation.	\$53,000
28	Columbia River Basin Taxable Bond Water Supply Development	
29	Account—State Appropriation.	\$11,000
30	TOTAL APPROPRIATION.	\$70,000

31 **PART XII**
32 **Miscellaneous Technical Provisions**

33 NEW SECTION. **Sec. 1201.** If any provision of this act or its
34 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other
2 persons or circumstances is not affected.

3 NEW SECTION. **Sec. 1202.** (1) Except as provided otherwise in
4 this section, this act is necessary for the immediate preservation of
5 the public peace, health, or safety, or support of the state
6 government and its existing public institutions, and takes effect
7 August 1, 2015.

8 (2) Section 1004 of this act and part XI of this act are
9 necessary for the immediate preservation of the public peace, health,
10 or safety, or support of the state government and its existing public
11 institutions, and take effect July 1, 2015.

12 (3) Parts I, VI, and VII of this act are necessary for the
13 immediate preservation of the public peace, health, or safety, or
14 support of the state government and its existing public institutions,
15 and take effect September 1, 2015.

(End of Bill)

STATE TREASURER

BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND
TRANSFER CHARGES: FOR BOND SALE EXPENSES 43

BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND
TRANSFER CHARGES: FOR DEBT SUBJECT TO THE DEBT LIMIT 43

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