
SUBSTITUTE SENATE BILL 5199

State of Washington**68th Legislature****2023 Regular Session**

By Senate Business, Financial Services, Gaming & Trade (originally sponsored by Senators Mullet, Conway, Dozier, Holy, Keiser, Lovelett, Nguyen, Shewmake, and Valdez; by request of Attorney General)

1 AN ACT Relating to tax relief for newspaper publishers; amending
2 RCW 82.04.260, 35.102.150, 82.04.460, and 82.08.806; adding a new
3 section to chapter 82.04 RCW; creating new sections; providing an
4 effective date; and providing an expiration date.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that Washington
7 state's local newspapers and online digital news publishers are
8 important providers of journalism in their communities. Across the
9 state and the country, local newspapers are vanishing at an alarming
10 rate.

11 Since the advent of the internet, Washington state newspapers,
12 large and small, have experienced severe financial losses that caused
13 layoffs and reduced journalistic capacity. Between 2005 and 2020,
14 Washington state newspapers lost 67 percent of their newsroom
15 employees. Many print media organizations operate at a deficit due to
16 disruption of traditional revenue streams and even the surviving
17 legacy news organizations are cutting staff and circulation.
18 Washington state has lost more than two dozen weeklies and three
19 dailies since 2004. The decline of these journalistic institutions
20 represents a threat to democracy, government accountability, and
21 civic engagement.

1 A Portland State University study found that the loss of local
2 journalism is correlated to a decline in civic engagement, both
3 nationally and in Washington state, which includes contacting a
4 public office to express an opinion, participating in school groups,
5 community associations, or civic organizations, and serving on a
6 committee of any group or organization.

7 The legislature finds that local journalism can help keep watch
8 over health trends in the community by identifying and preventing
9 disease. The legislature finds that rural and underserved communities
10 are the hardest hit in the area of public health when newspapers
11 decline.

12 The legislature finds that local journalism helps combat
13 government corruption and holds powerful institutions accountable.
14 Studies have revealed a correlation between the loss of local
15 journalism and higher taxes.

16 Without legislative action, the current business and occupation
17 tax preference for newspaper publishers will expire on July 1, 2024.

18 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04
19 RCW to read as follows:

20 (1) In computing the taxes imposed under this chapter, a person
21 may deduct from the measure of tax amounts received for engaging in
22 any of the following activities:

23 (a) Printing a newspaper, publishing a newspaper, or both; and

24 (b) Publishing eligible digital content by a person who reported
25 under the printing and publishing tax classification beginning
26 January 1, 2008, for a printed version of the publication.

27 (2) The deduction authorized under this section must be reduced
28 by an amount equal to the value of any expenditure made by the person
29 during the tax reporting period. For purposes of this subsection,
30 "expenditure" has the meaning provided in RCW 42.17A.005.

31 (3) In cases where a publisher charges a single, nonvariable
32 amount to advertise in, subscribe to, or access content in both a
33 publication identified in subsection (1) of this section and another
34 type of publication, the entire amount of such charge is deductible
35 under this section.

36 (4) A person claiming a deduction under this section must include
37 the deductible amount in its gross income reported on its excise tax
38 return.

1 (5) (a) For purposes of this section, "eligible digital content"
2 means a publication that is published at regularly stated intervals
3 at least once per month.

4 (b) "Eligible digital content" does not include digital content
5 created by a radio or television broadcaster as defined in RCW
6 82.08.0208.

7 (6) The deduction under this section does not apply to amounts
8 received by persons from cooperative advertising or similar cost
9 sharing between a manufacturer, distributor, or seller of products.

10 (7) This section expires January 1, 2035.

11 **Sec. 3.** RCW 82.04.260 and 2022 c 16 s 140 are each amended to
12 read as follows:

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

15 (a) Wheat into flour, barley into pearl barley, soybeans into
16 soybean oil, canola into canola oil, canola meal, or canola by-
17 products, or sunflower seeds into sunflower oil; as to such persons
18 the amount of tax with respect to such business is equal to the value
19 of the flour, pearl barley, oil, canola meal, or canola by-product
20 manufactured, multiplied by the rate of 0.138 percent;

21 (b) Beginning July 1, 2025, seafood products that remain in a
22 raw, raw frozen, or raw salted state at the completion of the
23 manufacturing by that person; or selling manufactured seafood
24 products that remain in a raw, raw frozen, or raw salted state at the
25 completion of the manufacturing, to purchasers who transport in the
26 ordinary course of business the goods out of this state; as to such
27 persons the amount of tax with respect to such business is equal to
28 the value of the products manufactured or the gross proceeds derived
29 from such sales, multiplied by the rate of 0.138 percent. Sellers
30 must keep and preserve records for the period required by RCW
31 82.32.070 establishing that the goods were transported by the
32 purchaser in the ordinary course of business out of this state;

33 (c) (i) Except as provided otherwise in (c) (iii) of this
34 subsection, from July 1, 2025, until January 1, 2036, dairy products;
35 or selling dairy products that the person has manufactured to
36 purchasers who either transport in the ordinary course of business
37 the goods out of state or purchasers who use such dairy products as
38 an ingredient or component in the manufacturing of a dairy product;
39 as to such persons the tax imposed is equal to the value of the

1 products manufactured or the gross proceeds derived from such sales
2 multiplied by the rate of 0.138 percent. Sellers must keep and
3 preserve records for the period required by RCW 82.32.070
4 establishing that the goods were transported by the purchaser in the
5 ordinary course of business out of this state or sold to a
6 manufacturer for use as an ingredient or component in the
7 manufacturing of a dairy product.

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

10 (A) Products, not including any cannabis-infused product, that as
11 of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts
12 131, 133, and 135, including by-products from the manufacturing of
13 the dairy products, such as whey and casein; and

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

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

22 (d)(i) Beginning July 1, 2025, fruits or vegetables by canning,
23 preserving, freezing, processing, or dehydrating fresh fruits or
24 vegetables, or selling at wholesale fruits or vegetables manufactured
25 by the seller by canning, preserving, freezing, processing, or
26 dehydrating fresh fruits or vegetables and sold to purchasers who
27 transport in the ordinary course of business the goods out of this
28 state; as to such persons the amount of tax with respect to such
29 business is equal to the value of the products manufactured or the
30 gross proceeds derived from such sales multiplied by the rate of
31 0.138 percent. Sellers must keep and preserve records for the period
32 required by RCW 82.32.070 establishing that the goods were
33 transported by the purchaser in the ordinary course of business out
34 of this state.

35 (ii) For purposes of this subsection (1)(d), "fruits" and
36 "vegetables" do not include cannabis, useable cannabis, or cannabis-
37 infused products; and

38 (e) Wood biomass fuel; as to such persons the amount of tax with
39 respect to the business is equal to the value of wood biomass fuel
40 manufactured, multiplied by the rate of 0.138 percent. For the

1 purposes of this section, "wood biomass fuel" means a liquid or
2 gaseous fuel that is produced from lignocellulosic feedstocks,
3 including wood, forest, or field residue and dedicated energy crops,
4 and that does not include wood treated with chemical preservations
5 such as creosote, pentachlorophenol, or copper-chrome-arsenic.

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

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

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

20 (5)(a) Upon every person engaging within this state in the
21 business of acting as a travel agent or tour operator and whose
22 annual taxable amount for the prior calendar year from such business
23 was two hundred fifty thousand dollars or less; as to such persons
24 the amount of the tax with respect to such activities is equal to the
25 gross income derived from such activities multiplied by the rate of
26 0.275 percent.

27 (b) Upon every person engaging within this state in the business
28 of acting as a travel agent or tour operator and whose annual taxable
29 amount for the prior calendar year from such business was more than
30 two hundred fifty thousand dollars; as to such persons the amount of
31 the tax with respect to such activities is equal to the gross income
32 derived from such activities multiplied by the rate of 0.275 percent
33 through June 30, 2019, and 0.9 percent beginning July 1, 2019.

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

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

30 (8) (a) Upon every person engaging within this state in the
31 business of disposing of low-level waste, as defined in RCW
32 70A.380.010; as to such persons the amount of the tax with respect to
33 such business is equal to the gross income of the business, excluding
34 any fees imposed under chapter 70A.384 RCW, multiplied by the rate of
35 3.3 percent.

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

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

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

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

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

25 (ii) 0.2904 percent beginning July 1, 2007, through March 31,
26 2020; and

27 (iii) Beginning April 1, 2020, 0.484 percent, subject to any
28 reduction required under (e) of this subsection (11). The tax rate in
29 this subsection (11)(a)(iii) applies to all business activities
30 described in this subsection (11)(a).

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

1 the case of processors for hire, be equal to the gross income of the
2 business, multiplied by the rate of:

3 (i) 0.2904 percent through March 31, 2020; and

4 (ii) Beginning April 1, 2020, the following rates, which are
5 subject to any reduction required under (e) of this subsection (11):

6 (A) The rate under RCW 82.04.250(1) on the business of making
7 retail sales of tooling specifically designed for use in
8 manufacturing commercial airplanes or components of such airplanes;
9 and

10 (B) 0.484 percent on all other business activities described in
11 this subsection (11)(b).

12 (c) For the purposes of this subsection (11), "commercial
13 airplane" and "component" have the same meanings as provided in RCW
14 82.32.550.

15 (d)(i) In addition to all other requirements under this title, a
16 person reporting under the tax rate provided in this subsection (11)
17 must file a complete annual tax performance report with the
18 department under RCW 82.32.534. However, this requirement does not
19 apply to persons reporting under the tax rate in (a)(iii) of this
20 subsection (11), so long as that rate remains 0.484 percent, or under
21 any of the tax rates in (b)(ii)(A) and (B) of this subsection (11),
22 so long as those tax rates remain the rate imposed pursuant to RCW
23 82.04.250(1) and 0.484 percent, respectively.

24 (ii) Nothing in (d)(i) of this subsection (11) may be construed
25 as affecting the obligation of a person reporting under a tax rate
26 provided in this subsection (11) to file a complete annual tax
27 performance report with the department under RCW 82.32.534: (A)
28 Pursuant to another provision of this title as a result of claiming a
29 tax credit or exemption; or (B) pursuant to (d)(i) of this subsection
30 (11) as a result of claiming the tax rates in (a)(ii) or (b)(i) of
31 this subsection (11) for periods ending before April 1, 2020.

32 (e)(i) After March 31, 2021, the tax rates under (a)(iii) and
33 (b)(ii) of this subsection (11) must be reduced to 0.357 percent
34 provided the conditions in RCW 82.04.2602 are met. The effective date
35 of the rates authorized under this subsection (11)(e) must occur on
36 the first day of the next calendar quarter that is at least sixty
37 days after the department receives the last of the two written
38 notices pursuant to RCW 82.04.2602 (3) and (4).

39 (ii) Both a significant commercial airplane manufacturer
40 separately and the rest of the aerospace industry as a whole,

1 receiving the rate of 0.357 percent under this subsection (11)(e) are
2 subject to the aerospace apprenticeship utilization rates required
3 under RCW 49.04.220 by April 1, 2026, or five years after the
4 effective date of the 0.357 percent rate authorized under this
5 subsection (11)(e), whichever is later, as determined by the
6 department of labor and industries.

7 (iii) The provisions of RCW 82.32.805 and 82.32.808 do not apply
8 to this subsection (11)(e).

9 (f)(i) Except as provided in (f)(ii) of this subsection (11),
10 this subsection (11) does not apply on and after July 1, 2040.

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

25 (g) For the purposes of this subsection, "a significant
26 commercial airplane manufacturer" means a manufacturer of commercial
27 airplanes with at least fifty thousand full-time employees in
28 Washington as of January 1, 2021.

29 (12)(a) Until July 1, 2045, upon every person engaging within
30 this state in the business of extracting timber or extracting for
31 hire timber; as to such persons the amount of tax with respect to the
32 business is, in the case of extractors, equal to the value of
33 products, including by-products, extracted, or in the case of
34 extractors for hire, equal to the gross income of the business,
35 multiplied by the rate of 0.4235 percent from July 1, 2006, through
36 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
37 2045.

38 (b) Until July 1, 2045, upon every person engaging within this
39 state in the business of manufacturing or processing for hire: (i)
40 Timber into timber products or wood products; (ii) timber products

1 into other timber products or wood products; or (iii) products
2 defined in RCW 19.27.570(1); as to such persons the amount of the tax
3 with respect to the business is, in the case of manufacturers, equal
4 to the value of products, including by-products, manufactured, or in
5 the case of processors for hire, equal to the gross income of the
6 business, multiplied by the rate of 0.4235 percent from July 1, 2006,
7 through June 30, 2007, and 0.2904 percent from July 1, 2007, through
8 June 30, 2045.

9 (c) Until July 1, 2045, upon every person engaging within this
10 state in the business of selling at wholesale: (i) Timber extracted
11 by that person; (ii) timber products manufactured by that person from
12 timber or other timber products; (iii) wood products manufactured by
13 that person from timber or timber products; or (iv) products defined
14 in RCW 19.27.570(1) manufactured by that person; as to such persons
15 the amount of the tax with respect to the business is equal to the
16 gross proceeds of sales of the timber, timber products, wood
17 products, or products defined in RCW 19.27.570(1) multiplied by the
18 rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and
19 0.2904 percent from July 1, 2007, through June 30, 2045.

20 (d) Until July 1, 2045, upon every person engaging within this
21 state in the business of selling standing timber; as to such persons
22 the amount of the tax with respect to the business is equal to the
23 gross income of the business multiplied by the rate of 0.2904
24 percent. For purposes of this subsection (12)(d), "selling standing
25 timber" means the sale of timber apart from the land, where the buyer
26 is required to sever the timber within thirty months from the date of
27 the original contract, regardless of the method of payment for the
28 timber and whether title to the timber transfers before, upon, or
29 after severance.

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

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

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

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

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

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

18 (v) "Timber products" means:

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

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

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

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

30 (f) Except for small harvesters as defined in RCW 84.33.035, a
31 person reporting under the tax rate provided in this subsection (12)
32 must file a complete annual tax performance report with the
33 department under RCW 82.32.534.

34 (g) Nothing in this subsection (12) may be construed to affect
35 the taxation of any activity defined as a retail sale in RCW
36 82.04.050(2) (b) or (c), defined as a wholesale sale in RCW
37 82.04.060(2), or taxed under RCW 82.04.280(1)(g).

38 (13) Upon every person engaging within this state in inspecting,
39 testing, labeling, and storing canned salmon owned by another person,
40 as to such persons, the amount of tax with respect to such activities

1 is equal to the gross income derived from such activities multiplied
2 by the rate of 0.484 percent.

3 ~~((14) (a) Upon every person engaging within this state in the
4 business of printing a newspaper, publishing a newspaper, or both,
5 the amount of tax on such business is equal to the gross income of
6 the business multiplied by the rate of 0.35 percent until July 1,
7 2024, and 0.484 percent thereafter.~~

8 ~~(b) A person reporting under the tax rate provided in this
9 subsection (14) must file a complete annual tax performance report
10 with the department under RCW 82.32.534.)~~

11 **Sec. 4.** RCW 35.102.150 and 2011 c 174 s 201 are each amended to
12 read as follows:

13 Notwithstanding RCW 35.102.130, a city that imposes a business
14 and occupation tax must allocate a person's gross income from the
15 activities of printing, and of publishing newspapers, periodicals, or
16 magazines, to the principal place in this state from which the
17 taxpayer's business is directed or managed. As used in this section,
18 the activities of printing, and of publishing newspapers,
19 periodicals, or magazines are those activities to which the deduction
20 in section 2 of this act and the tax rate((s)) in RCW ((82.04.260(13)-
21 and)) 82.04.280(1)(a) apply.

22 **Sec. 5.** RCW 82.04.460 and 2014 c 97 s 304 are each amended to
23 read as follows:

24 (1) Except as otherwise provided in this section, any person
25 earning apportionable income taxable under this chapter and also
26 taxable in another state must, for the purpose of computing tax
27 liability under this chapter, apportion to this state, in accordance
28 with RCW 82.04.462, that portion of the person's apportionable income
29 derived from business activities performed within this state.

30 (2) The department must by rule provide a method of apportioning
31 the apportionable income of financial institutions, where such
32 apportionable income is taxable under RCW 82.04.290. The rule adopted
33 by the department must, to the extent feasible, be consistent with
34 the multistate tax commission's recommended formula for the
35 apportionment and allocation of net income of financial institutions
36 as existing on June 1, 2010, or such subsequent date as may be
37 provided by the department by rule, consistent with the purposes of
38 this section, except that:

1 (a) The department's rule must provide for a single factor
2 apportionment method based on the receipts factor; and

3 (b) The definition of "financial institution" contained in
4 appendix A to the multistate tax commission's recommended formula for
5 the apportionment and allocation of net income of financial
6 institutions is advisory only.

7 (3) The department may by rule provide a method or methods of
8 apportioning or allocating gross income derived from sales of
9 telecommunications service and competitive telephone service taxed
10 under this chapter, if the gross proceeds of sales subject to tax
11 under this chapter do not fairly represent the extent of the
12 taxpayer's income attributable to this state. The rule must provide
13 for an equitable and constitutionally permissible division of the tax
14 base.

15 (4) For purposes of this section, the following definitions apply
16 unless the context clearly requires otherwise:

17 (a) "Apportionable income" means gross income of the business
18 generated from engaging in apportionable activities, including income
19 received from apportionable activities performed outside this state
20 if the income would be taxable under this chapter if received from
21 activities in this state, less the exemptions and deductions
22 allowable under this chapter. For purposes of this subsection,
23 "apportionable activities" means only those activities taxed under:

24 (i) RCW 82.04.255;

25 (ii) RCW 82.04.260 (3), (5), (6), (7), (8), (9), (10), and (13);

26 (iii) RCW 82.04.280(1)(e);

27 (iv) RCW 82.04.285;

28 (v) RCW 82.04.286;

29 (vi) RCW 82.04.290;

30 (vii) RCW 82.04.2907;

31 (viii) RCW 82.04.2908;

32 (ix) RCW 82.04.263, but only to the extent of any activity that
33 would be taxable under any of the provisions enumerated under (a)(i)
34 through (viii) of this subsection (4) if the tax classification in
35 RCW 82.04.263 did not exist; and

36 (x) RCW (~~82.04.260(14) and~~) 82.04.280(1)(a) or deductible under
37 section 2 of this act, but only with respect to advertising.

38 (b)(i) "Taxable in another state" means that the taxpayer is
39 subject to a business activities tax by another state on its income
40 received from engaging in apportionable activities; or the taxpayer

1 is not subject to a business activities tax by another state on its
2 income received from engaging in apportionable activities, but any
3 other state has jurisdiction to subject the taxpayer to a business
4 activities tax on such income under the substantial nexus standards
5 in RCW 82.04.067(1).

6 (ii) For purposes of this subsection (4)(b), "business activities
7 tax" and "state" have the same meaning as in RCW 82.04.462.

8 **Sec. 6.** RCW 82.08.806 and 2020 c 139 s 16 are each amended to
9 read as follows:

10 (1) The tax levied by RCW 82.08.020 does not apply to sales, to a
11 printer or publisher, of computer equipment, including repair parts
12 and replacement parts for such equipment, when the computer equipment
13 is used primarily in the printing or publishing of any printed
14 material, or to sales of or charges made for labor and services
15 rendered in respect to installing, repairing, cleaning, altering, or
16 improving the computer equipment. This exemption applies only to
17 computer equipment not otherwise exempt under RCW 82.08.02565.

18 (2) A person taking the exemption under this section must keep
19 records necessary for the department to verify eligibility under this
20 section. This exemption is available only when the purchaser provides
21 the seller with an exemption certificate in a form and manner
22 prescribed by the department. The seller must retain a copy of the
23 certificate for the seller's files.

24 (3) The definitions in this subsection (3) apply throughout this
25 section, unless the context clearly requires otherwise.

26 (a) "Computer" has the same meaning as in RCW 82.04.215.

27 (b) "Computer equipment" means a computer and the associated
28 physical components that constitute a computer system, including
29 monitors, keyboards, printers, modems, scanners, pointing devices,
30 and other computer peripheral equipment, cables, servers, and
31 routers. "Computer equipment" also includes digital cameras and
32 computer software.

33 (c) "Computer software" has the same meaning as in RCW 82.04.215.

34 (d) "Primarily" means greater than fifty percent as measured by
35 time.

36 (e) "Printer or publisher" means a person, as defined in RCW
37 82.04.030, who is subject to tax under RCW (~~(82.04.260(14) or~~)
38 82.04.280(1)(a) or is eligible to claim the deduction under section 2
39 of this act.

1 (4) "Computer equipment" does not include computer equipment that
2 is used primarily for administrative purposes including but not
3 limited to payroll processing, accounting, customer service,
4 telemarketing, and collection. If computer equipment is used
5 simultaneously for administrative and nonadministrative purposes, the
6 administrative use must be disregarded during the period of
7 simultaneous use for purposes of determining whether the computer
8 equipment is used primarily for administrative purposes.

9 NEW SECTION. **Sec. 7.** (1) This section is the tax preference
10 performance statement for the tax preference contained in section 2,
11 chapter . . ., Laws of 2023 (section 2 of this act). This performance
12 statement is only intended to be used for subsequent evaluation of
13 the tax preference. It is not intended to create a private right of
14 action by any party or to be used to determine eligibility for
15 preferential tax treatment.

16 (2) The legislature categorizes this tax preference as one
17 intended to provide tax relief for certain businesses or individuals
18 and to create or retain jobs, as indicated in RCW 82.32.808(2) (c)
19 and (e).

20 (3) It is the legislature's specific public policy objective to
21 protect and support local journalism.

22 (4) If a review finds that the tax preference accomplishes its
23 goal of supporting local journalism across the state, measured by
24 retaining 75 percent of the journalism jobs, local newspapers, and
25 community-focused online news outlets based in Washington as of
26 December 31, 2022, or if a review finds that the tax preference
27 enables locally based journalism outlets to continue to exist when
28 compared to states that did not provide similar tax incentives, then
29 the legislature intends to extend the expiration date of this tax
30 preference.

31 (5) In order to obtain the data necessary to perform the review
32 in subsection (4) of this section, the joint legislative audit and
33 review committee may refer to any data collected by the state.

34 NEW SECTION. **Sec. 8.** This act takes effect January 1, 2024.

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