

Department of Revenue
The Department believes rule making should proceed on the following

Subject of Rule Making	Explanation	Exemption Criteria
<p>Property Tax - Interest rates, land values, and inflation rates for use in 2011 and 2012</p> <p>Interest rate for property tax refunds - 458-18-220 Farm & agricultural land values - 458-30-262 Rate of inflation - 458-30-590</p>	<p>These rules provide rates and values that must be updated by January 1st of each year.</p>	<p>3a - Required by state law - RCW 84.69.100, 84.34.065, and 84.34.310</p>
<p>TRS and WTAP tax rates for telephone switched access lines for use in 2011 and 2012</p> <p>Telephone program excise tax rate - 458-20-270</p>	<p>The Telecommunications Relay Services (TRS) and Washington Telephone Assistance Program (WTAP) tax rates provided in this rule must be updated and become effective July 1st each year</p>	<p>3a - Required by state law - 43.20A.725 & 80.36.430</p>
<p>Timber Excise Tax - land and stumpage values for use in 2011 and 2012</p> <p>Forest land values - 458-40-540 Stumpage value tables – Stumpage value adjustments - 458-40-660</p>	<p>Forest land values must be updated by January 1st each year – RCW 84.33.140 Stumpage value tables must be updated by the 1st of January and July of each year – RCW 84.33.091</p>	<p>3a - Required by state law - RCW 84.33.140 and 84.33.091</p>
<p>Digital Products, software, and other computer-related issues</p> <p>Information and computer services - 458-20-155 Taxation of hardware - 458-20-15501 Taxation of software - 458-20-15502 Taxation of digital products 458-20-15503</p>	<p>2009 legislation extended retail sales and use taxes to the sale or use of digital products and digital automated services. Exemptions were also provided. 2010 legislation amended the law regarding the imposition and exemptions. The Department believes this rule making is necessary to explain the tax-reporting responsibilities of sellers and users of these products.</p>	<p>3c - Necessary to manage budget shortfalls, maintain fund solvency, or for revenue generating activities - ESHB 2075 (2009) and SHB 2620 (2010)</p>
<p>Reseller Permits</p> <p>Reseller permits - 458-20-102 Resale certificates - 458-20-102A</p>	<p>2009 legislation replaced the self-issued resale certificate with the state-issued reseller permit as the means to document wholesale sales. 2010 legislation modified this program. The Department believes this rule making is necessary to explain the responsibilities of both the seller and the buyer claiming a wholesale transaction.</p>	<p>3c - Necessary to manage budget shortfalls, maintain fund solvency, or for revenue generating activities - SB 6173 (2009) and SHB 2758 (2010)</p>
<p>Economic Nexus and Income Apportionment</p> <p>Minimum nexus thresholds for apportionable activities - 458-20-19401 Single factor receipts apportionment—Generally - 458-20-19402 Single factor receipts apportionment—Royalties - 458-20-19403 Financial institutions—Income apportionment - 458-20-19404</p> <p>Travel agents and tour operators - 458-20-258 (separate rule-making action from above)</p> <p>Printing industry - 458-20-144 (separate rule-making action from above)</p>	<p>2010 legislation changed the minimum nexus standards of businesses providing certain services to customers in Washington. This legislation also changed the method by which these businesses are to apportion income to Washington. The Department believes this rule making is necessary to explain the tax-reporting responsibilities of businesses engaging in activities subject to these changes.</p>	<p>3c - Necessary to manage budget shortfalls, maintain fund solvency, or for revenue generating activities - SB 6143, Part I (2010)</p> <p>5 - To finalize permanent rule making previously covered by emergency rules (does not include WAC 458-20-258 or 458-20-144)</p> <p>3e - Beneficial to or requested or supported by the regulated entities, local governments, or small businesses that it affects (WAC 458-20-144)</p>

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<p>Tax Avoidance Transactions</p> <p>Tax Avoidance Transactions - 458-20-New (separate rule making from below)</p> <p>REET program: Overview - 458-61A-100 Taxability of the transfer or acquisition of the controlling interest of an entity with an interest in real property located in this state - 458-61A-101 Definitions - 458-61A-102 Option to purchase - 458-61A-107 Payment of tax, collection responsibility, audit responsibility, and tax rulings - 458-61A-301</p>	<p>2010 legislation requires the Department to disregard certain specified tax avoidance transactions. This legislation also closes loopholes and clarifies ambiguities related to the real estate excise tax program (REET). The Department believes rule making is necessary to explain these changes.</p>	<p>3c - Necessary to manage budget shortfalls, maintain fund solvency, or for revenue generating activities - SB 6143, Part II (2010)</p>
<p>Temporary B&O tax increase - Exclusion for hospitals</p> <p>Hospitals, nursing homes, boarding homes, and similar health care facilities - 458-20-168</p>	<p>2010 legislation temporarily increased the tax rate for certain businesses, including those subject to the service B&O tax rate imposed by RCW 82.04.290(2)(a). This legislation provided an exclusion for hospitals. Stakeholders have suggested that this exclusion is intended to be broader than the restrictions provided in subsection (2)(a)(i) of the current rule for determining when a clinic operated by a hospital is an integral, interrelated, and essential part of the hospital. The Department believes rule making is necessary to consider whether this restriction should be changed to allow clinics covered under the hospital license.</p>	<p>3e - Beneficial to or requested or supported by the regulated entities, local governments, or small businesses that it affects - 2ESSB 6143, Part XI (2010)</p>
<p>Estate tax - Wills and trusts</p> <p>Nature of estate tax, definitions - 458-57-105 Valuation of property, property subject to estate tax, and how to calculate the tax - 458-57-115</p>	<p>Subject to certain requirements, 2010 legislation provides that a will or trust of a decedent who dies after December 31, 2009 but before January 1, 2011 will be deemed to refer to the federal estate and generation-skipping transfer tax laws as they applied with respect to estates of decedents dying on December 31, 2009. Stakeholders have suggested to the Department that the Department's rules need to be updated so that they can advise their clients.</p>	<p>3e - Beneficial to or requested or supported by the regulated entities, local governments, or small businesses that it affects - SSB 6831 (2010)</p>
<p>Taxation of warranties and maintenance agreements - WAC 458-20-257</p>	<p>This rule is outdated and does not recognize that sales of extended warranties are subject to retail sales tax, and purchases of repair parts and labor by the warrantor can be made at wholesale. Some businesses are not aware that the law has changed and are not correctly collecting retail sales tax on extended warranty sales. The Department believes this rule needs to be updated to provide accurate tax-reporting guidance.</p>	<p>3c - Necessary to manage budget shortfalls, maintain fund solvency, or for revenue generating activities</p>

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<p>Tax-reporting responsibilities of cemeteries and funeral establishments - 458-20-153 and 458-20-154</p>	<p>These rules provide outdated and insufficient tax-reporting guidance. For example, they don't recognize tax-reporting responsibilities relative to receipts associated with prearrangement funder service contracts and endowment care funds for cemetery care and maintenance. Rule 153 does not recognize the bundled transaction provisions of RCW 82.08.190, but instead inaccurately explains that retail sales tax is to be collected only upon 50% of the lump-sum charge for a standard funeral service, which includes both tangible personal property and professional services. The Department believes these rules need to be updated to provide accurate tax-reporting guidance.</p>	<p>3c - Necessary to manage budget shortfalls, maintain fund solvency, or for revenue generating activities</p> <p>3e - Beneficial to or requested or supported by the regulated entities, local governments, or small businesses that it affects</p>
<p>Adjudicative proceedings - Cigarette license and tax registration revocation - 458-20-10001</p>	<p>This rule is outdated and inconsistent with Brief Adjudicative Proceedings (BAPs) processes provided for in the process for appealing the denial of a Reseller Permit (WAC 458-20-10202). This inconsistency creates confusion with taxpayer's participation in these proceedings. Updating this rule will streamline the process, eliminate duplication, and be more efficient for taxpayers and the Department. The Department believes this rule needs to be updated to accurately explain a taxpayer's appeal rights.</p>	<p>3c - Necessary to manage budget shortfalls, maintain fund solvency, or for revenue generating activities</p> <p>3e - Beneficial to or requested or supported by the regulated entities, local governments, or small businesses that it affects</p>
<p>Equestrian activities and the farm and agricultural current use valuation property tax programs.</p> <p>Definitions - 458-30-200</p>	<p>2009 legislation amended the farm and agricultural current use classification to include land used for equestrian activities such as stabling, training, riding, and shows. This legislation also exempts property owners from paying back taxes, penalties, and interest when their property is removed from either program and the reason for the removal is that the land was improperly approved for the program through no fault of the property owner. Additionally, some changes to qualification requirements for the farm and agricultural land program were made. Budget cuts have severely impacted county staffing. In many cases inexperienced staff members are administering this program and will not be aware that eligibility requirements were expanded by the 2009 legislation. The Department believes this rule needs to be updated to provide accurate guidance so that this program is administered in a manner consistent with current law.</p>	<p>3e - Beneficial to or requested or supported by the regulated entities, local governments, or small businesses that it affects - SHB 1733 (2009) and EHB 1815 (2009)</p>

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WAC	Subject	Preliminary Proposal (CR-101 filing)	Rule Proposal (CR-102 filing)	Rule Proposal – Expedited (CR-105 filing)	Rule Adoption (CR-103 filing)	Description of Anticipated Changes
458-20-24003	Tax incentives for high technology businesses.			WSR 10-21-044		Incorporate 2010 legislation – E2SHB 1597, Part I Incorporate 2009 legislation – SB 5909
458-20-126	Sales of motor vehicle fuel, special fuels, and non-pollutant fuel			CR105 proposal - expedited anticipated		Incorporate 2010 legislation – E2SHB 1597, Part II
458-20-141	Duplicating activities and mailing bureaus.			CR105 proposal - expedited anticipated		Incorporate 2010 legislation – E2SHB 1597, Part II and update Incorporate 2009 legislation – ESHB 2075 & SSB 5566
458-20-189	Sales to and by the state of Washington, counties, cities, towns, school districts, and fire districts.			CR105 proposal - expedited anticipated		Incorporate 2010 legislation – E2SHB 1597, Part II
458-16A-100 458-16A-120 458-16A-150	Property Tax – Exemptions – Homes for the aging, senior citizens and disabled persons			CR105 proposal - expedited anticipated		Incorporate 2010 legislation – E2SHB 1597, Part III
458-16-165 458-16-190 458-16-210 458-16-300	Property tax – Exemptions			CR105 proposal - expedited anticipated		Incorporate 2010 legislation – SHB 2402 Incorporate 2009 legislation - SB 5680 (16-165 only) & update
458-20-185 458-20-186	Tobacco products tax Cigarette taxes			Anticipated		Incorporate 2010 legislation – ESHB 2493
458-20-24001 458-20-24001A	Sales and use tax deferral – Manufacturing and research/development activities in rural counties			WSR 10-21-052		Incorporate 2010 legislation – ESHB 3014
458-20-17902	Brokered natural gas – Use tax.			CR105 proposal - expedited anticipated		Incorporate 2010 legislation – ESHB 3179
458-20-228	Returns, payments, penalties, extensions, interest, stay of collection.			WSR 10-21-045		Incorporate 2010 legislation – 2ESSB 6143, Part II
458-20-146	National and state banks, mutual savings banks, savings and loan associations and other financial institutions.			CR105 proposal - expedited anticipated		Incorporate 2010 legislation – 2ESSB 6143, Part III
458-20-217	Lien for taxes.			WSR 10-19-017		Incorporate 2010 legislation – 2ESSB 6143, Part VIII

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458-20-101	Tax registration and tax reporting.			WSR 10-19-109		Incorporate 2010 legislation – 2ESSB 6143, Part XI
458-18A-060	Deferral of special assessments and/or property taxes - Limitations of deferral - Interest			WSR 10-20-057		Incorporate 2010 legislation – SB 6379
458-18-080	Deferral of special assessments and/or property taxes - Duties of the department of revenue - State treasurer.			WSR 10-19-142		Incorporate 2010 legislation – SB 6379
458-18A-080	Deferral of special assessments and/or property taxes - Duties of the department of revenue - State treasurer.					
458-20-179 458-20-17901 458-20-180	Public utility tax Energy conservation and cogeneration deductions Motor & urban transportation	WSR 10-18-033				Incorporate 2010 legislation – SSB 6614 Incorporate 2009 legislation – ESSB 6170 Part VII & update
458-20-13501	Timber harvest operations.	CR101 preliminary proposal anticipated				Incorporate 2010 legislation – SHB 3066 Incorporate 2009 legislation – ESSB 6170 Part IV and VII & update
458-20-136	Manufacturing, processing for hire, fabricating.	CR101 preliminary proposal anticipated				Incorporate 2010 legislation – 2ESSB 6143, Part V and update
458-20-210	Sales of tangible personal property for farming – Sales of agricultural products by farmers.	CR101 preliminary proposal anticipated				Incorporate 2010 legislation – 2ESSB 6143, Part VI Incorporate 2009 legislation – ESSB 6170 Part VI & Update
458-16A-140	Senior citizen, disabled person, and one hundred percent disabled veteran exemption			WSR 10-19-148		Incorporate 2009 legislation - E2SHB 1208
458-19-085	Refunds - Procedures - Application limits			CR105 proposal - expedited anticipated		Incorporate 2009 legislation - E2SHB 1208 & update
458-30-210 458-30-225	Classification of land under chapter 84.34 RCW Application for farm and agricultural classification	CR101 preliminary proposal anticipated				Incorporate 2009 legislation - SHB 1733 and EHB 1815
458-19-080	City annexed by fire protection and/or library districts.			CR105 proposal - expedited anticipated		Incorporate 2009 legislation – SB 5426

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458-19-045	Levy limit -- Removal of limit (lid lift).			CR105 proposal - expedited anticipated		Incorporate 2009 legislation – 2SSB 5433
458-20-22802	Electronic funds transfer	WSR 10-17-085				Incorporate 2009 legislation – SSB 5571
458-20-175	Air, rail, & water interstate/foreign commerce carriers	CR101 preliminary proposal anticipated				Incorporate 2009 legislation – SB 6096 & update
458-20-19301	Multiple Activities Tax Credit	CR101 preliminary proposal anticipated				Incorporate 2009 legislation – SB 6096 & update
458-20-263	Fuel cell, wind, landfill gas, and solar energy electric generating facilities			CR105 proposal - expedited anticipated		Incorporate 2009 legislation – ESSB 6170 Part I
458-20-18801	Prescription drugs, medical supplies, and medical devices	CR101 preliminary proposal anticipated				Update
458-12-010	Definition – Property – Real			WSR 10-21-048		Correct citation
458-16-130 458-16-150 458-16-230 458-16-240 458-16-300 458-16-310	Property Tax – Exemptions			CR105 proposal - expedited anticipated		Update
458-19-005 458-19-020 458-19-025 458-19-030 458-19-035 458-19-065	Property Tax - Levies, rates, and limits			CR105 proposal - expedited anticipated		Update
458-50-060 458-50-130	Failure to make report - Default valuation - Penalty - Estoppel. Taxing district boundary changes - Estoppel.			CR105 proposal - expedited anticipated		Update