

# SUMMARY OF 2019 TAX & LICENSING LEGISLATION

## Washington Department of Revenue Legislation & Policy and Research & Fiscal Analysis Divisions

June 2019

This report summarizes the significant tax legislation impacting the Department of Revenue (Department) and approved during the 2019 Regular Session of the Washington State Legislature. This report also summarizes legislation affecting the Department's Business Licensing Service. The summaries are based on information developed by the Department's Legislation & Policy and Research & Fiscal Analysis divisions, and are not intended to cover all of the technical details or provide a legal interpretation of the bills. Instead, this report is intended to alert readers to new legislation and serve as a resource for historical research. Fiscal impacts of legislation in this summary may be found in "*State Revenue Impact of Major 2019 Tax Legislation*," beginning on page 3.

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## STATE REVENUE IMPACT OF MAJOR 2019 TAX LEGISLATION - Sources Impacting Dep't of Revenue Only

### State General Fund

Bill #	Type	Bill Description	FY 2020	FY 2021	2019-21 Bien	FY 2022	FY 2023	2021-23 Bien
<b>House Bills:</b>								
1059	2SHB	Annual return filing due date	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
1070	HB	Natural gas tax treatment	\$0	\$0	\$0	\$0	\$0	\$0
1074	EHB	Tobacco & vapor products/age	(\$2,739,000)	(\$6,161,000)	(\$8,900,000)	(\$6,093,000)	(\$5,984,000)	(\$12,077,000)
1105	E2SHB	Home foreclosure/taxes	\$0	\$0	\$0	\$0	\$0	\$0
1107	ESHB	Nonprofit homeownership dev.	(\$9,000)	(\$34,000)	(\$43,000)	(\$49,000)	(\$49,000)	(\$98,000)
1257	HB	Energy efficiency	\$0	\$0	\$0	\$0	(\$3,193,000)	(\$3,193,000)
1301	HB	Arenas/leasehold excise tax	(\$6,000)	(\$22,000)	(\$28,000)	(\$2,200)	(\$22,000)	(\$24,200)
1324	E3SHB	Rural development, zones	\$0	\$0	\$0	\$0	\$0	\$0
1354	EHB	Scan-down allowances	(\$2,000,000)	(\$2,500,000)	(\$4,500,000)	(\$2,500,000)	(\$2,600,000)	(\$5,100,000)
1406	SHB	Affordable housing/sales tax	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
1499	HB	Public facilities/recreation	\$0	\$0	\$0	\$0	\$0	\$0
1652	SHB	Paint stewardship	\$0	\$301,000	\$301,000	\$640,000	\$659,000	\$1,299,000
1746	SHB	Commercial office space dev.	\$0	\$0	\$0	\$0	\$0	\$0
1839	ESHB	Arena projects/taxes	(\$22,863,000)	(\$17,772,000)	(\$40,635,000)	(\$200,000)	\$44,990,000	\$44,790,000
1873	E2SHB	Vapor product taxation	\$488,000	\$1,416,000	\$1,904,000	\$2,158,000	\$2,958,000	\$5,116,000
2024	SHB	Medicaid incentive payments	(\$139,000)	(\$132,000)	(\$271,000)	(\$124,000)	(\$124,000)	(\$248,000)
2035	SHB	In-state broadcasters, taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
2042	E2SHB	Green transportation	(\$10,824,000)	(\$13,352,000)	(\$24,176,000)	(\$11,817,000)	(\$14,596,000)	(\$26,413,000)
2140	HB	K-12 education funding <sup>1</sup>						
2158	E2SHB	Workforce education	\$0	\$0	\$0	\$0	\$0	\$0
2167	SHB	Financial institutions tax	\$36,600,000	\$96,600,000	\$133,200,000	\$100,700,000	\$104,900,000	\$205,600,000
2168	SHB	Hospital tax preference	(\$6,840,000)	(\$7,760,000)	(\$14,600,000)	(\$8,090,000)	(\$8,430,000)	(\$16,520,000)
<b>Senate Bills:</b>								
5010	SSB	Protected lands/fire levies	\$0	\$0	\$0	\$0	\$0	\$0
5025	22B	Self-help housing dev./taxes	(\$97,000)	(\$84,000)	(\$181,000)	(\$84,000)	(\$84,000)	(\$168,000)

**State General Fund (continued)**

Bill #	Type	Bill Description	FY 2020	FY 2021	2019-21 Bien	FY 2022	FY 2023	2021-23 Bien
5116	E2SSB	Clean energy	(\$4,831,000)	(\$6,004,000)	(\$10,835,000)	(\$6,539,000)	(\$7,135,000)	(\$13,674,000)
5131	ESSB	Mobile home foreclosure sale <sup>1</sup>						
5160	ESSB	Sr's, disab. vets/prop tx ex	(\$6,900,000)	(\$13,300,000)	(\$20,200,000)	(\$13,600,000)	(\$13,700,000)	(\$27,300,000)
5183	ESSB	Manufactured/mobile homes	(\$58,000)	(\$93,000)	(\$151,000)	(\$100,000)	(\$101,000)	(\$201,000)
5272	ESSB	Emergency comm. max tax rate	\$0	\$0	\$0	\$0	\$0	\$0
5313	ESSB	School levies	\$0	\$0	\$0	\$0	\$0	\$0
5337	SB	Sales & use tax exemptions	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
5526	ESSB	Individual health ins market	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
5581	SSB	State tax laws	\$41,365,000	\$73,492,000	\$114,857,000	\$87,506,000	\$102,514,000	\$190,020,000
5596	SB	Health sciences authorities	\$0	\$0	\$0	\$0	(\$1,123,000)	(\$1,123,000)
5668	SSB	Tow truck operator auctions	Minimal	Minimal	Minimal	Minimal	Minimal	Minimal
5993	ESSB	Model toxics control program	\$0	\$0	\$0	\$0	\$0	\$0
5997	ESSB	Tax preferences	\$25,423,000	\$28,414,000	\$53,837,000	\$29,112,000	\$29,810,000	\$58,922,000
5998	ESSB	Grad. real estate excise tax	\$6,700,000	\$16,300,000	\$23,000,000	\$16,600,000	\$15,900,000	\$32,500,000
6004	ESSB	Travel agents & tour ops/tax	\$2,200,000	\$2,500,000	\$4,700,000	\$2,600,000	\$2,700,000	\$5,300,000
6016	ESB	Investment management/taxes	\$27,669,000	\$31,748,000	\$59,417,000	\$32,210,000	\$33,910,000	\$66,120,000
<b>NET GENERAL FUND IMPACT</b>			\$83,139,000	\$183,557,000	\$266,696,000	\$222,327,800	\$281,200,000	\$503,527,800

**BLS License, Fee & Registration Bills - BLS Account Funds**

Bill #	Type	Bill Description	FY 2020	FY 2021	2019-21 Bien	FY 2022	FY 2023	2021-23 Bien
1034	SHB	Restaurant soju endorsement <sup>1</sup>						
1298	SHB	Weights and measures program <sup>1</sup>						
1557	EHB	Liquor licenses	\$0	\$0	\$0	\$0	\$0	\$0
2049	SHB	Commercial egg layers <sup>1</sup>						
5002	SB	Limited cooperative assocs.	\$0	\$0	\$0	\$0	\$0	\$0
5230	SB	Motor vehicle laws <sup>1</sup>						

**State Funds other than General or BLS Funds**

Bill #	Type	Bill Description	Fund/Account	FY 2020	FY 2021	2019-21 Bien	FY 2022	FY 2023	2021-23 Bien
1074	HB	Tobacco & vapor products/age	Performance Audit Acct	(\$1,000)	(\$2,000)	(\$3,000)	(\$2,000)	(\$2,000)	(\$4,000)
1652	SHB	Paint stewardship	Performance Audit Acct	\$0	\$1,000	\$1,000	\$1,000	\$1,000	\$2,000
1839	ESHB	Arena projects/taxes	Performance Audit Acct	(\$37,000)	(\$28,000)	(\$65,000)	\$0	\$0	\$0
1839	ESHB	Arena projects/taxes	State Building Construction Acct	\$0	\$0	\$0	\$1,363,000	\$1,363,000	\$2,726,000
1873	E2SHB	Vapor product taxation	Andy Hill cancer research endowment fund	\$2,987,000	\$5,612,000	\$8,599,000	\$6,828,000	\$8,131,000	\$14,959,000
1873	E2SHB	Vapor product taxation	NEW foundational public health services acct	\$2,987,000	\$5,612,000	\$8,599,000	\$6,828,000	\$8,131,000	\$14,959,000
1873	E2SHB	Vapor product taxation	Performance Audit Acct	\$1,000	\$2,000	\$3,000	\$3,000	\$4,000	\$7,000
2042	E2SHB	Green transportation	Multimodal Transportation Acct	(\$407,000)	(\$559,000)	(\$966,000)	(\$490,000)	(\$594,000)	(\$1,084,000)
2042	E2SHB	Green transportation	Performance Audit Acct	(\$18,000)	(\$21,000)	(\$39,000)	(\$19,000)	(\$21,000)	(\$40,000)
2158	E2SHB	Workforce education	NEW workforce education investment acct	\$113,100,000	\$266,900,000	\$380,000,000	\$192,200,000	\$200,900,000	\$393,100,000
5025	22B	Self-help housing dev./taxes	City County Assistance Acct	(\$2,000)	(\$1,000)	(\$3,000)	(\$1,000)	(\$1,000)	(\$2,000)

5025	22B	Self-help housing dev./taxes	Education Legacy Trust Acct	(\$12,000)	(\$19,000)	(\$31,000)	(\$19,000)	(\$19,000)	(\$38,000)
5025	22B	Self-help housing dev./taxes	Public Works Assistance Acct	(\$2,000)	(\$2,000)	(\$4,000)	(\$2,000)	(\$2,000)	(\$4,000)
5116	E2SSB	Clean energy	Performance Audit Acct	(\$8,000)	(\$10,000)	(\$18,000)	(\$10,000)	(\$11,000)	(\$21,000)
5183	ESSB	Manufactured/mobile homes	City County Assistance Acct	\$0	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$2,000)
5183	ESSB	Manufactured/mobile homes	Education Legacy Trust Acct	(\$1,000)	(\$2,000)	(\$3,000)	(\$2,000)	(\$2,000)	(\$4,000)
5183	ESSB	Manufactured/mobile homes	Public Works Assistance Acct	(\$1,000)	(\$1,000)	(\$2,000)	(\$1,000)	(\$1,000)	(\$2,000)
5581	SSB	State tax laws	Motor Vehicle Acct	\$5,000	\$12,000	\$17,000	\$12,000	\$13,000	\$25,000
5581	SSB	State tax laws	Multimodal Transportation Acct	\$126,000	\$328,000	\$454,000	\$345,000	\$364,000	\$709,000
5581	SSB	State tax laws	Wood Stove Education Acct	\$2,000	\$5,000	\$7,000	\$5,000	\$6,000	\$11,000
5581	SSB	State tax laws	Waste Tire Removal Acct	\$40,000	\$103,000	\$143,000	\$108,000	\$114,000	\$222,000
5581	SSB	State tax laws	Performance Audit Acct	\$54,000	\$92,000	\$146,000	\$102,000	\$111,000	\$213,000
5581	SSB	State tax laws	Local Tourism Promotion Acct	\$36,000	\$94,000	\$130,000	\$99,000	\$105,000	\$204,000
5581	SSB	State tax laws	Enhanced 911 Acct	\$34,000	\$88,000	\$122,000	\$93,000	\$98,000	\$191,000
5596	SB	Health sciences authorities	Performance Audit Acct	\$0	\$0	\$0	\$0	(\$2,000)	(\$2,000)
5993	ESSB	Model toxics control program	State Toxics Control Acct	(\$78,400,000)	(\$78,400,000)	(\$156,800,000)	(\$78,400,000)	(\$78,400,000)	(\$156,800,000)

5993	ESSB	Model toxics control program	Environmental Legacy Stewardship Acct	(\$16,200,000)	(\$13,700,000)	(\$29,900,000)	(\$21,500,000)	(\$27,600,000)	(\$49,100,000)
5993	ESSB	Model toxics control program	NEW Model Toxics Control Stormwater Acct	\$26,400,000	\$36,975,000	\$63,375,000	\$30,570,000	\$39,210,000	\$69,780,000
5993	ESSB	Model toxics control program	Motor Vehicle Acct	\$50,000,000	\$0	\$50,000,000	\$50,000,000	\$0	\$50,000,000
5993	ESSB	Model toxics control program	Local Toxics Control Acct	(\$61,600,000)	(\$61,600,000)	(\$123,200,000)	(\$61,600,000)	(\$61,600,000)	(\$123,200,000)
5993	ESSB	Model toxics control program	NEW Model Toxics Control Operating Acct	\$100,800,000	\$147,900,000	\$248,700,000	\$122,280,000	\$156,840,000	\$279,120,000
5993	ESSB	Model toxics control program	NEW Model Toxics Control Capital Acct	\$51,300,000	\$69,025,000	\$120,325,000	\$58,750,000	\$73,350,000	\$132,100,000
5997	ESSB	Tax preferences	Performance Audit Acct	\$41,000	\$46,000	\$87,000	\$47,000	\$48,000	\$95,000
5998	ESSB	Grad. real estate excise tax	City County Assistance Acct	\$300,000	\$600,000	\$900,000	\$600,000	\$600,000	\$1,200,000
5998	ESSB	Grad. real estate excise tax	Education Legacy Trust Acct	\$63,600,000	\$156,900,000	\$220,500,000	\$159,300,000	\$163,000,000	\$322,300,000
5998	ESSB	Grad. real estate excise tax	Public Works Assistance Acct	\$0	\$100,000	\$100,000	\$100,000	\$100,000	\$200,000
6016	ESB	Investment management/taxes	Performance Audit Acct	\$1,000	\$2,000	\$3,000	\$0	\$0	\$0

<sup>1</sup>The Department of Revenue did not receive a fiscal note request for proposal.

## HOUSE BILLS

### **2SHB 1059** Extending the business and occupation tax return filing due date for annual filers ([Chapter 63, Laws of 2019](#))

This bill changes the due date for filing annual excise tax returns with the Department of Revenue and paying the tax due. The current due date of January 31 is extended to April 15 beginning with annual returns due in 2020. Cities and towns that impose a business and occupation tax are required to implement the April 15 due date beginning in 2021 for their annual business and occupation tax returns.

2SHB 1059 takes effect July 28, 2019.

### **HB 1070** Concerning the tax treatment of renewable natural gas ([Chapter 202, Laws of 2019](#))

This bill shifts the taxation of the production and sale of renewable natural gas from the state public utility tax to the business and occupation (B&O) tax. It also expands the definition of “to manufacture” for B&O tax purposes to include the production and processing of renewable natural gas.

HB 1070 takes effect July 28, 2019.

### **EHB 1074** Protecting youth from tobacco products and vapor products by increasing the minimum legal age of sale of tobacco and vapor products ([Chapter 15, Laws of 2019](#))

This bill:

- Prohibits the sale of cigarettes, other tobacco products, and vapor products to persons under the age of 21.
- Permits the governor to seek government-to-government consultations with federally recognized Indian tribes regarding raising the minimum age of their sales of these products in cigarette tax compacts.
- Requires the Office of the Governor to report to the appropriate committees of the Legislature on the status of the governor’s consultations with the tribes by December 1, 2020.

EHB 1074 takes effect January 1, 2020.

### **E2SHB 1105** Protecting taxpayers from home foreclosure ([Chapter 322, Laws of 2019](#))

This bill provides measures to protect taxpayers from home foreclosure, including requiring county treasurers to provide delinquent tax information on the annual tax statement and contact information for a statewide foreclosure hotline. It also provides that two years after real property taxes become delinquent; the county treasurer must provide the contact



information of the delinquent taxpayer to a homeowner resource center.

The bill also requires county treasurers to waive all outstanding interest and penalties on delinquent taxes on a one-time basis when the taxpayer meets certain income-qualifications, and the property is the taxpayer's principal place of residence.

E2SHB 1105 takes effect January 1, 2020.

**ESHB 1107** **Concerning nonprofit homeownership development ([Chapter 361, Laws of 2019](#))**

This bill expands the property tax exemption in [RCW 84.36.049](#) for real property owned by a nonprofit entity for the purpose of developing or redeveloping the real property to create one or more residences to be sold to low-income households. The bill extends the exemption to real property owned by qualified cooperative associations. The real property must be used for the purpose of developing or redeveloping one or more residences to be sold (conveyed, directly or indirectly through the transfer of an ownership interest in the association) to low-income households.

The exemption for real property owned by qualified cooperative associations expires on or the earlier of:

- The date the qualified cooperative association directly or indirectly conveys a transfer of an ownership interest in the association, any single family dwelling unit on the property, or any part of the property,
- The date on which the qualified cooperative association executes a lease of the land,
- The end of the seventh consecutive property tax year for which an exemption applies (or 10 years if an extension is claimed), or
- When the qualified cooperative association no longer holds the property for the intended purpose of the exemption.

The bill also provides that the real property remains eligible for the exemption in cases where the real property transfers between nonprofit entities or to a qualified cooperative association so long as the transferee timely applies to the Department of Revenue (Department) for a continuation of the exemption.

“Qualified cooperative association” means a cooperative association formed under chapter [23.86](#) or [24.06](#) RCW that owns the real property for which an exemption under RCW 84.36.049 is sought, and following the completion of the development or redevelopment of such real property:

- Sixty percent or more of the residences are owned by low-income households, and
- Eighty percent or more of the square footage of any improvements to the real property are exclusively used or available for use by the owners of the residences.

This bill applies to property taxes levied for collection in 2020 and thereafter. The Department may not accept applications for this program after December 31, 2027, and the exemption does not apply to taxes due in 2038 or after.

ESHB 1107 takes effect July 28, 2019.

**E3SHB 1257 Concerning energy efficiency ([Chapter 285, Laws of 2019](#))**

The bill:

- Requires the Department of Commerce (Commerce) to establish a State Energy Performance Standard (Standard) for certain commercial buildings by November 1, 2020.
- Provides an incentive payment for building owners who demonstrate early compliance with the Standard.
  - The application is submitted to and approved by Commerce.
  - The incentive payment equals \$0.85 per gross square foot of floor area and will be made by utilities or light and power businesses serving the building and participating in the program.
  - The statewide cap for incentive payments is \$75 million over the span of the program.
- Creates a state public utility tax credit for utilities and light and power businesses participating in the early adoption incentive payment program.
  - The credit equals the amount of incentive payments made to qualifying building owners plus documented administrative costs not to exceed eight percent of the incentive payments.
  - Application for incentive payments can be made beginning July 1, 2021.
  - Credits may be claimed through June 30, 2032.

E3SHB 1257 takes effect July 28, 2019.

**HB 1301 Exempting certain leasehold interests in arenas with a seating capacity of more than two thousand from the leasehold excise tax ([Chapter 335, Laws of 2019](#))**

This bill provides an exemption from state and local leasehold excise taxes for leasehold interests in the public or entertainment areas of any arena that has the following characteristics:

- Has a seating capacity of more than 2,000 persons,
- Is located on city-owned land, and
- Is owned by a city with a population over 200,000 persons located in a county with a population of less than 1.5 million persons.

HB 1301 takes effect January 1, 2020.

**E3SHB 1324 Creating the Washington rural development and opportunity zone act ([Chapter 336, Laws of 2019—Partial Veto](#))**

This bill:

- Expands the preferential business and occupation (B&O) tax rate for certain activities related to the timber and wood products industries to include the manufacturing and wholesale sale of “mass timber products,” and expands the expiration of this tax preference from July 1, 2024, to July 1, 2045.

- Modifies the Forest and Fish Support Account B&O tax surcharge in [RCW 82.04.261](#), and extends the expiration of the surcharge from July 1, 2024, to July 1, 2045.

The bill also requires the Washington State Institute for Public Policy to conduct a study on the effectiveness of programs incentivizing private investments and job creation in rural and distressed communities. However, Governor Inslee vetoed this provision.

E3SHB 1324 takes effect July 28, 2019.

**EHB 1354**      **Providing a business and occupation tax deduction for “scan-down allowances” on food and beverages intended for human or pet consumption ([Chapter 217, Laws of 2019](#))**

This bill creates a business and occupation tax deduction for revenue generated from scan-down allowances received from the sale of food and beverages intended for human or pet consumption.

The bill defines "scan-down allowance" as a payment or credit offered to a seller by a manufacturer or wholesaler of products, where:

- The amount of the payment or credit is based on the quantity of the product to be sold at retail by the seller within a specified period of time,
- The seller knew the terms of the offer before making the sales that generated the payment or credit from the manufacturer or wholesaler, and
- The seller is not required to provide any services to the manufacturer or wholesaler or engage in any business activities directly or indirectly benefiting the manufacturer or wholesaler, in order to receive the payment or credit from the manufacturer or wholesaler.

EHB 1354 takes effect July 28, 2019.

**SHB 1406**      **Encouraging investments in affordable and supportive housing ([Chapter 338, Laws of 2019](#))**

This bill authorizes a city or a county governing authority to impose a local sales and use tax for affordable or supportive housing purposes. This tax does not impact consumers, because it is credited against the state sales and use tax.

- The maximum tax rate may not exceed either 0.0146 percent or 0.0073 percent. Which rate applies is dependent on the city or county meeting certain requirements.
- For counties with a population greater than 400,000 or cities with a population greater than 100,000, the revenue may only be used for specified affordable housing purposes. Counties and cities below these respective population thresholds may also use the revenue to provide rental assistance to tenants.
- Local governments imposing this tax must report annually to the Department of Commerce (Commerce) on the collection and use of the revenue. Commerce must submit a report annually to the appropriate legislative committees.

- The tax expires twenty years after the date the tax is first imposed.

SHB 1406 takes effect July 28, 2019.

**HB 1499**      **Authorizing certain public facilities districts to own and operate recreational facilities other than a ski area ([Chapter 341, Laws of 2019](#))**

This bill authorizes an eligible public facilities district (PFD) to acquire, construct, own, remodel, maintain, equip, reequip, repair, finance, and operate one or more recreational facilities other than a ski area. A PFD exercising this authority must obtain voter approval to fund the recreational facility with the local sales and use tax in [RCW 82.14.048](#).

HB 1499 takes effect July 28, 2019.

**SHB 1652**      **Concerning paint stewardship ([Chapter 344, Laws of 2019](#))**

This bill requires producers of architectural paint to participate in a stewardship program for managing the end-of-life disposal of leftover paint. “Architectural paint” means interior and exterior architectural coatings, sold in a container of five or fewer gallons.

Funding for a paint stewardship program is provided by a per-container assessment to be added to the purchase price of architectural paint. The assessment must be uniform for each category of container size. The bill provides a business and occupation tax exemption for this assessment.

SHB 1652 takes effect July 28, 2019.

**SHB 1746**      **Incentivizing the development of commercial office space in cities in a county with a population of less than one million five hundred thousand ([Chapter 273, Laws of 2019](#))**

This bill allows a city in a county with a population less than 1.5 million to incent the development of commercial office space by creating:

- A local sales and use tax remittance program, and
- A local property tax reinvestment program.

The bill also requires the Joint Legislative Audit and Review Committee to study the effectiveness of the legislation and submit a report to the appropriate committees of the Legislature by October 1, 2028.

**Local sales and use tax remittance**

The remittance program allows a refund of 100 percent of the local sales and use tax paid on:

- The sale of, or charge made for, labor and services on the construction or rehabilitation of qualifying commercial office space, and
- The sale or use of tangible personal property that is installed as an ingredient or component of a qualifying commercial office space project.

The refund applies to the sales and use tax imposed by the city in which the commercial office space is located. It also applies to the sales and use tax imposed by any other local taxing jurisdiction in which the commercial office space is located, if the other local taxing jurisdiction agrees in writing to participate in the local sales and use tax remittance program.

The commercial office space can include mixed-use buildings but does not include residential spaces.

**Local property tax reinvestment program**

After approving a qualifying project to participate in the local property tax reinvestment program, the city must deposit into a commercial office development public improvement fund (fund), an amount equal to the city’s share of the property tax on the value of the new construction and rehabilitation improvements for qualifying projects for 10 successive years. If other local taxing jurisdictions agree to participate in the program, those jurisdictions must also transfer their share of the property tax on the value of new construction and rehabilitation improvements for qualifying projects for 10 successive years. The city may only make expenditures from the fund for public improvements.

SHB 1746 takes effect July 28, 2019.

**ESHB 1839    Requiring eligible arena projects to fully pay the state and local sales tax within ten years of commencing construction ([Chapter 347, Laws of 2019](#))**

This bill defers the state and local sales and use taxes on the redevelopment of a multipurpose sports and entertainment facility owned by King County that is being redeveloped to attract professional ice hockey and basketball league franchises. The deferral is also available for the development of an ice hockey practice facility.

The tax deferral applies to the materials that are incorporated in the construction of new improvements, the renovation of existing improvements, the acquisition and installation of fixtures, personal property, planning, and site preparation of the entertainment facility and ice hockey practice facility. It also applies to charges for labor and services rendered in the performance of these activities.

The deferred local taxes must be repaid over the course of eight years after the project is considered operationally complete. The deferred state taxes must be repaid no later than June 30, 2023. Interest is due on the deferred taxes.

ESHB 1839 takes effect May 9, 2019.

**E2SHB 1873    Concerning the taxation of vapor products as tobacco products ([Chapter 445, Laws of 2019](#))**

**Vapor products tax**

This bill creates a new tax on the sale, use, consumption, handling, possession, or distribution of vapor products containing a liquid solution, regardless of whether the solution contains

nicotine. The tax is imposed primarily on distributors of vapor products. The same vapor product is only subject to the tax once, and the Department of Revenue (Department) may collect the tax from any taxable distributor. The Department may also collect the tax from consumers when a distributor has not paid the tax.

The tax is imposed on the volume of the solution listed by the manufacturer at the following tax rates:

- Nine cents per milliliter of solution in an accessible container (a container intended to be opened) containing more than five milliliters of liquid.
- Twenty-seven cents per milliliter of solution in all other vapor products.

Retailers and other distributors with taxable vapor products inventory in this state on October 1, 2019, must report their inventory to the Department by October 31, 2019, and pay the applicable tax on such inventory by January 31, 2020.

Proceeds from this tax are deposited as follows:

- Fifty percent into the Andy Hill Cancer Research Endowment Fund Match Transfer Account, and
- Fifty percent into a new Foundational Public Health Services Account.

### **Tribal compacting**

This bill authorizes the governor to enter into compacts concerning the sale of vapor products with federally recognized Indian tribes located within the geographic boundaries of Washington. The bill establishes requirements for such compacts.

Additionally, this bill adds vapor product tax compacts to the government-to-government consultations with federally recognized Indian tribes under [EHB 1074](#) (Chapter 15, Laws of 2019).

### **Additional general fund revenue distributions**

By October 15, 2020, and each October 15th thereafter, the Department must estimate any increase in state general fund revenue collections for the immediately preceding fiscal year resulting from the taxes imposed in this bill. The increase in general fund revenue collections will come from additional business and occupation and sales taxes collected on vapor products as a result of the higher selling prices of vapor products due to the new vapor products tax.

Beginning November 1, 2020, and each November 1st thereafter, the State Treasurer must transfer the amounts determined by the Department for the preceding fiscal year as follows:

- Fifty percent to the Andy Hill Cancer Research Endowment Fund Match Transfer Account, and
- Fifty percent to the Foundational Public Health Services Account.

### **Modified risk tobacco product orders**

The bill also reduces the tax rate under chapter [82.26](#) RCW for certain tobacco products during the period a modified risk tobacco products order is in effect. The rate reduction is either 50 percent or 25 percent depending on the statutory basis of the modified risk tobacco product order issued by the secretary of the United States Department of Health and Human Services.

E2SHB 1873 takes effect October 1, 2019.

**SHB 2024 Business and occupation tax deduction for certain Medicaid incentive payments ([Chapter 350, Laws of 2024](#))**

This bill expands the existing business and occupation (B&O) tax deduction in [RCW 82.04.43395](#) for Accountable Communities of Health and certain hospitals (those hospitals owned by a municipal corporation or affiliated with a state institution) to allow those hospitals to deduct incentive payments received from the Medicaid Quality Improvement Program (MQIP) established under 42 C.F.R. § 438.6(b)(2).

The bill also creates a new B&O tax deduction for managed care organizations as defined in [RCW 74.60.010](#) that receive those same MQIP incentive payments.

SHB 2024 takes effect July 28, 2019.

**SHB 2035 Concerning taxes on in-state broadcasters ([Chapter 449, Laws of 2019](#))**

This bill:

- Updates the method for calculating the business and occupation tax deduction for revenue received by radio and television broadcasters from network, national, and regional advertising.
- Requires the Department of Revenue to publish by rule the information necessary for radio and television broadcasters to claim a standard deduction. The initial rule must be published by September 30, 2020, and by September 30th every succeeding fifth year.

SHB 2035 takes effect July 28, 2019.

**E2SHB 2042 Advancing green transportation adoption ([Chapter 287, Laws of 2019](#))**

The following provisions of this bill impact the Department of Revenue:

- A retail sales and use tax exemption is provided for the sale or lease of new clean alternative fuel passenger vehicles with a selling price plus trade-in amount of \$45,000 or less. The exemption applies as follows:
  - \$25,000 of the purchase price from August 1, 2019, through July 31, 2021,
  - \$20,000 of the purchase price from August 1, 2021, through July 31, 2023, and
  - \$15,000 of the purchase price from August 1, 2023, through July 31, 2025.
- A retail sales and use tax exemption is provided on the sale or lease of used clean alternative fuel passenger vehicles with a selling price plus trade-in amount of \$30,000 or less. The exemption is for the first \$16,000 of the purchase price from August 1, 2019, through July 31, 2025.
- The business and occupation (B&O) and public utility tax (PUT) credits for clean alternative fuel commercial vehicles ([RCW 82.04.4496](#) and [82.04.0496](#)) are

expanded, effective January 1, 2020, to include infrastructure to support these vehicles.

- These additional credits are capped at \$2 million per year.
- The combined annual cap for both the B&O tax and PUT credits is \$6 million annually.
- The combined lifetime cap for both the B&O tax and PUT credits issued since July 15, 2015, is \$32.5 million.
- The electric vehicle battery and infrastructure sales and use tax exemption ([RCW 82.08.816](#) and [82.12.816](#)) is expanded to include fuel cells for electric vehicles, including electric buses, sales of zero-emissions buses, hydrogen fueling stations for fuel cell electric vehicles, and renewable hydrogen production facilities.
  - The expansion is effective July 28, 2019, for the sales tax exemption, and August 1, 2019, for the use tax exemption. Presumably, this inconsistency was a drafting error and not intentional.
  - The bill extends the expiration of the exemption from July 1, 2020, to July 1, 2025.
- The leasehold excise tax exemption for public land used for electric vehicle infrastructure ([RCW 82.29A.125](#)) is expanded, effective August 1, 2019, to include hydrogen refueling stations and renewable hydrogen production facilities. The bill extends the expiration of the exemption from January 1, 2020, to July 1, 2025.
- A new retail sales and use tax exemption is created for the sale of or use of new battery-powered electric marine propulsion systems with continuous power greater than 15 kW, and new vessels with such propulsion systems. This exemption takes effect August 1, 2019, and expires July 1, 2025.

Except as noted above, these provisions take effect July 28, 2019.

## **ESHB 2140 Relating to K-12 education funding ([Chapter 411, Laws of 2019](#))**

### **State property tax deposit**

This bill requires all proceeds from the additional state property tax levy ([RCW 84.52.065\(2\)](#)) collected in Fiscal Year (FY) 2019 be deposited into the Education Legacy Trust Account (ELTA). This amendment takes effect May 21, 2019.

Before this amendment took effect, the law required that \$935 million of the proceeds from the additional state property tax levy collected in FY 2019 be deposited in the ELTA.

### **Other education-related provisions**

The remaining education-related provisions of the bill, including changes to the local effort assistance formula, have no impact on the Department of Revenue.

ESHB 2140 takes effect July 28, 2019.



**E2SHB 2158 Creating a workforce education investment to train Washington students for Washington jobs ([Chapter 406, Laws of 2019](#))**

This bill makes investments in higher education enrollments, financial aid, and other items. To fund these investments, the bill increases business and occupation (B&O) taxes reported under the catchall service and other activities classification as follows:

- Imposes a 20 percent surcharge on “specified persons.”
  - A “specified person” is a person who is not subject to either of the other surcharges in this bill and who is primarily engaged within this state in any combination of 43 categories of business activities.
  - This surcharge results in a tax rate increase from 1.5 percent to 1.8 percent.
- Imposes a 33.33 percent surcharge on “select advanced computing businesses” that are part of an affiliated group with worldwide gross revenue of more than \$25 billion but no more than \$100 billion, during the entire current or immediately preceding calendar year.
  - A “select advanced computing business” is a person who is a member of an affiliated group with at least one member who designs or develops computer software or hardware; provides cloud computing services; or operates an online marketplace, online search engine, or an online social networking platform. A person is not considered to be a select advanced computing business if that person is primarily engaged in Washington in the provision of:
    - Commercial mobile services, as defined under 47 U.S.C. § 332(d)(1), or
    - Access to transmission facilities and infrastructure for telecommunications services.
  - This surcharge results in a tax rate increase from 1.5 percent to 2 percent.
- Imposes a 66.66 percent surcharge on select advanced computing businesses that are part of an affiliated group with worldwide gross revenue of more than \$100 billion during the entire current or immediately preceding calendar year. This surcharge results in a tax rate increase from 1.5 percent to 2.5 percent.

While most provisions of E2SHB 2158 take effect July 28, 2019, the B&O tax increase is effective beginning with business activities occurring on or after January 1, 2020.

**SHB 2167 Relating to tax revenue ([Chapter 420, Laws of 2019](#))**

This bill imposes an additional business and occupation (B&O) tax of 1.2 percent on “specified financial institutions.” The additional tax applies only to the business’ income subject to tax under the catchall service and other activities classification.

“Specified financial institution” is defined in the bill as a financial institution that is a member of a consolidated group of financial institutions that reported on its consolidated financial statement for the previous calendar year net income of at least \$1 billion. If financial institutions are no longer required to file a consolidated financial statement with the Federal Financial Institutions Examination Council or successor agency, a specified financial institution is any person that was subject to the additional B&O tax provided in this bill in at least two of the previous four calendar years.

Although SHB 2167 takes effect July 28, 2019, the additional B&O tax doesn't apply until January 1, 2020.

**SHB 2168**      **Relating to tax preferences ([Chapter 451, Laws of 2019](#))**

This bill creates a business and occupation tax exemption for hospitals that are managed by a state university and owned by a county with a population greater than two million. The exemption expires January 1, 2030.

SHB 2168 is effective July 1, 2019.

## SENATE BILLS

### **SSB 5010**      **Concerning protected lands not being assessed local fire district levies** **[\(Chapter 178, Laws of 2019\)](#)**

This bill establishes a process for a local fire district to annex parcels that receive fire protection services but do not pay a fire district property tax levy. The annexed parcels must be located wholly within the external boundaries of the annexing fire district. The annexations must be initiated by January 1, 2021.

SSB 5010 takes effect July 28, 2019.

### **SSB 5025**      **Creating sales and use and excise tax exemptions for self-help housing development** **[\(Chapter 385, Laws of 2019\)](#)**

This bill provides a real estate excise tax exemption on the sale of self-help housing by an affordable homeownership facilitator to a low-income household.

SSB 5025 takes effect October 1, 2019.

### **E2SSB 5116**    **Supporting Washington's clean energy economy and transitioning to a clean, affordable, and reliable energy future** **[\(Chapter 288, Laws of 2019\)](#)**

This bill changes to how Washington electric utilities may generate electricity, and it provides a sales and use tax exemption on purchases of renewable energy systems.

Specifically, this bill:

- Amends and extends the retail sales and use tax exemption on purchases of machinery and equipment (M&E) and associated installation labor, if the M&E is used at facility capable of generating at least one thousand watts AC of electricity from certain renewable sources, including solar, beginning January 1, 2020. The form of the exemption is a refund of all or a portion of tax paid. The portion of state and local taxes refunded depends on whether the project meets certain wage, hiring, and compliance standards, as follows:
  - Fifty percent if the procurement and contract was from an organization owned by women, minorities, or veterans,
  - Seventy-five percent if the Department of Labor and Industries (L&I) certifies workers on the project were compensated at prevailing wages, or
  - One hundred percent if L&I certifies the project is developed under a community workforce agreement or project labor agreement.
- Provides a 100 percent sales and use tax exemption at the point of sale for solar energy systems capable of generating no more than 100 kilowatts (kW) AC of electricity, if the seller meets certain registration and compliance requirements. The exemption applies to equipment installed beginning July 1, 2019, and expires January 1, 2030.
- Provides a 50 percent sales and use tax exemption for solar energy systems over 100 kW AC and under 500 kW AC in the form of a refund of tax paid, depending on the seller meeting certain requirements. The exemption applies to equipment installed beginning January 1, 2020, and expires January 1, 2030.

E2SSB 5116 takes effect immediately.

**ESSB 5131**     **Relating to the sales of manufactured/mobile or park model homes**  
**[\(Chapter 75, Laws of 2019\)](#)**

This bill provides that when a manufactured/mobile home or park model is sold at a county treasurer's foreclosure or distraint sale, the signatures of the registered owner, legal owner, and purchaser are not required to transfer title of the home.

ESSB 5131 takes effect July 28, 2019.

**ESSB 5160**     **Concerning property tax exemptions for service-connected disabled veterans and senior citizens** **[\(Chapter 453, Laws of 2019\)](#)**

This bill amends the requirements for the property tax exemption and deferral programs for low-income senior citizens, individuals with disabilities, and veterans.

- The various income thresholds to qualify for the exemption program are amended as follows:
  - Income threshold 3 is the greater of \$40,000 or 65 percent of the median household income for the county. This threshold is used to determine eligibility for an exemption from all excess levies, the additional state property tax levy under [RCW 84.52.065](#)(2), and the portion of any voter approved regular levy under [RCW 84.55.050](#) ("lid lift") as provided in the ordinance placing the lid lift on the ballot.
  - Income threshold 2 is the greater of \$35,000 or 55 percent of the median household income for the county. This threshold is used to determine eligibility for an exemption from regular property tax on \$50,000 or 35 percent of the home's assessed value, in addition to the exemptions available at income threshold 3.
  - Income threshold 1 is the greater of \$30,000 or 45 percent of the median household income for the county. This threshold is used to determine eligibility for an exemption from regular property tax on \$60,000 or 60 percent of the home's assessed value, in addition to the exemptions available at income threshold 3.
  - Income thresholds can never be less than the previous year.
- Allows veterans to qualify for the exemption program with a disability rating of 80 percent or higher, rather than a total disability rating.
- The income threshold necessary to qualify for the deferral program are as follows:
  - The income threshold is the greater of \$45,000 or 75 percent of the median household income for the county.
  - The income threshold can never be less than the previous year.
- Requires the Department of Revenue to update the income thresholds for both programs beginning August 1, 2019, and every fifth year thereafter.

ESSB 5160 takes effect July 28, 2019, and applies for taxes levied on and after 2020.

**ESSB 5183**     **Concerning relocation assistance for manufactured/mobile home park tenants** ([Chapter 390, Laws of 2019](#))

This bill:

- Increases the annual registration assessment a manufactured/mobile home park landlord is required to pay per manufactured/mobile home from \$10 to \$15. The additional \$5 is deposited in the manufactured/mobile home park relocation fund provided for under [RCW 59.21.050](#).
- Reinstates the real estate excise tax exemption for sales of qualified manufactured/mobile home communities under [RCW 82.45.010](#)(3)(r) until January 1, 2030.
- Expands the property tax exemption under [RCW 84.36.560](#) for nonprofit entities that own or use real and personal property to provide rental housing for very low income households to include a manufactured or mobile home park cooperative as defined under [RCW 59.20.030](#), provided that the entity receives financing through the Washington State Housing Finance Commission.

ESSB 5183 takes effect July 28, 2019.

**ESSB 5272**     **Increasing the maximum tax rate for the voter-approved local sales and use tax for emergency communication systems and facilities** ([Chapter 281, Laws of 2019](#))

This bill:

- Increases the maximum local sales and use tax rate that a county legislative authority may propose to voters for funding emergency communication systems and facilities from 0.1 percent to 0.2 percent, and
- Requires voter approval for any tax rate increase in counties already imposing this tax.

ESSB 5272 takes effect July 28, 2019.

**ESSB 5313**     **Concerning school levies** ([Chapter 410, Laws of 2019](#))

This bill increases the maximum enrichment levy to the lesser of:

- \$2.50 per \$1,000 of assessed value of property, or
- The maximum per-pupil limit, which equals:
  - \$2,500 per pupil for school districts with fewer than 40,000 annual full-time equivalent students enrolled in the district in the prior school year, or
  - \$3,000 per pupil for school districts with 40,000 or more annual full-time equivalent students enrolled in the school district in the prior year.

ESSB 5313 is effective July 28, 2019. The changes to the maximum levy amount for enrichment levies begins with property taxes levied for collection in 2020.

**SB 5337**      **Expanding a sales and use tax exemption for personal property sold between political subdivisions** ([Chapter 188, Laws of 2019](#))

This bill expands a sales and use tax exemption for personal property sold between two political subdivision to include personal property resulting from the merger of two political subdivisions. Personal property owned by one political subdivision that is shared with another political subdivision as part of a contractual consolidation is also exempt from sales and use taxes, if the party that originally paid the sales or use tax continues to benefit from the use of the property.

SB 5337 takes effect July 28, 2019.

**ESSB 5526**      **Increasing the availability of quality, affordable health coverage in the individual market** ([Chapter 364, Laws of 2019](#))

This bill requires the Washington Health Benefit Exchange (WHBE), along with other stakeholders, to create up to three standardized health plans for each of the existing WHBE health plan tiers. The Health Care Authority will contract with health carriers to offer those plans. The bill also creates a business and occupation tax exemption for health care providers who perform services on patients covered by WHBE health plans created under this bill. This exemption includes hospitals, contractors, or any other health care providers that are compensated for services performed on qualifying patients. The exemption covers amounts received by the health care provider from the qualified health plan and any amounts paid by the patient.

ESSB 5526 takes effect July 28, 2019.

**SSB 5581**      **Facilitating the collection of new tax revenue resulting from the United States supreme court's decision in *South Dakota v. Wayfair, Inc.*** ([Chapter 8, Laws of 2019](#))

This Department of Revenue (Department) request legislation addresses conflicts between current tax laws related to the collection of sales tax and the *South Dakota v. Wayfair, Inc.* U.S. Supreme Court decision, and provides consistency in a number of other related tax law areas.

Specifically, this bill:

- Codifies the sales tax collection obligation threshold of more than \$100,000 in receipts from sales into this state upheld by the *Wayfair* decision, and applies the threshold to marketplace facilitators.
- Requires any person with nexus for business and occupation (B&O) tax to pay all other applicable taxes and fees imposed on the seller and paid to the Department.
- Beginning January 1, 2020, lowers the economic nexus threshold for B&O tax to 100,000 in gross receipts from this state, and requires any seller obligated to collect sales tax to also collect all other applicable taxes and fees that sellers are obligated to collect from buyers and pay over to the Department.
- Repeals or modifies laws that are inconsistent with the *Wayfair* decision.

- Codifies the Streamlined Sales and Use Tax Agreement “75 percent rule,” which requires businesses to collect sales tax on all food sales where that business sells prepared food, makes utensils available to its customers, and has more than 75 percent of its food sales consisting of prepared food.
- Limits the existing B&O tax exemption for sales of goods in import commerce to the wholesale sale of unroasted coffee beans or sales between a parent company and its wholly-owned subsidiary.
- Eliminates the sourcing mitigation “true-up” provisions, which would have required the Department to compare revenues associated with EHB 2163 (2017) to mitigation payments made to local governments during the first half of 2018, and reduce local sales tax revenues by any overpayments.

SSB 5581 takes effect on March 14, 2019, except for sections 105, 301, 302, 401, and 704, which take effect July 1, 2019, and sections 102, 103, 107, and 701 through 703, which take effect on January 1, 2020. The application of all sections is prospective except for sections 106 and 201, which are retroactive to October 1, 2018.

**SB 5596      Extending the expiration date on the health sciences and services authority sales and use tax authorization ([Chapter 464, Laws of 2019](#))**

This bill extends the expiration date on the authority of a local jurisdiction that has created a Health Sciences and Services Authority to impose a sales and use tax, which is credited against the state’s portion of collected sales and use tax, from January 1, 2023, to January 1, 2038.

SB 5596 takes effect July 28, 2019.

**SSB 5668      Concerning moneys received at auctions conducted by registered tow truck operators ([Chapter 357, Laws of 2019](#))**

This bill amends the definition of “sale” to exclude an abandoned vehicle sold by a registered tow truck operator (RTTO) at a public auction, or to a licensed vehicle wrecker, hulk hauler, or scrap processor. As a result of this legislation, RTTOs are no longer required to collect sales tax from consumers that purchase abandoned vehicles. RTTOs remain subject to retailing business and occupation (B&O) tax and must remit retail sales tax on the automobile towing and storage services they provide, and also remain subject to service and other activities B&O tax on any surplus auction proceeds the RTTO retains to cover auction costs. Consumers that purchase an abandoned vehicle must pay use tax when licensing the vehicle.

SSB 5668 takes effect July 28, 2019.

**ESSB 5993     Reforming the financial structure of the model toxics control program**  
**(Chapter 422, Laws of 2019)**

This bill changes the hazardous substance tax (HST) on petroleum products under [RCW 82.21.030](#) from a value-based HST rate to a volume-based HST rate of \$1.09 per barrel beginning July 1, 2019.

- This rate is adjusted on July 1, 2020, and every July 1st thereafter, by the implicit price deflator for nonresidential structures, as published by the United States Department of Commerce’s Bureau of Economic Analysis.
- The Department of Revenue must create a list of petroleum products that are not easily measured on a per-barrel basis. Products on the list are subject to the existing, value-based HST rate instead of the new volumetric rate.
- All funds from the original value-based HST are deposited in the Model Toxics Control Capital Account.
- Funds from the volume-based HST on petroleum products are to be distributed into three newly-created accounts as follows:
  - Sixty percent to the Model Toxics Control Operating Account,
  - Twenty-five percent to the Model Toxics Control Capital Account, and
  - Fifteen percent to the Model Toxics Control Stormwater account.
  - Until a transportation funding act is passed that increases transportation revenue by more than \$2 billion dollars, the first \$50 million received in each biennium is to be deposited in the Motor Vehicle Fund, used exclusively for transportation stormwater activities and projects. This diversion ceases at the end of the biennium when such a transportation funding act is enacted.

ESSB 5993 takes effect July 1, 2019.

**ESSB 5997     Eliminating or narrowing certain tax preferences to increase state revenue**  
**for essential public services (Chapter 423, Laws of 2019)**

This bill changes the existing nonresident sales tax exemption under [RCW 82.08.0273](#) to a refund program. A qualifying nonresident may request a refund once per calendar year for all sales taxes paid to Washington during preceding calendar year on eligible purchases, so long as the refund amount requested is at least \$25. The Department of Revenue will begin accepting refund requests beginning on January 1, 2020.

ESSB 5997 takes effect July 1, 2019.

**ESSB 5998     Establishing a graduated real estate excise tax (Chapter 424, Laws of 2019)**

This bill creates graduated state real estate excise tax (REET) rates as follows:

- 1.1 percent up to the first \$500,000 of the selling price,
- 1.28 percent on the portion of the selling price above \$500,000, and up to \$1,500,000,
- 2.75 percent on the portion of the selling price above \$1,500,000, and up to \$3,000,000, and
- 3 percent on the portion of the selling price that is greater than \$3,000,000.



The sale of timberland or agricultural land is subject to a REET rate of 1.28 percent regardless of the selling price amount.

The bill also expands the window of time in which a controlling interest transfer or acquisition occurs from 12 months to 36 months.

ESSB 5998 takes effect January 1, 2020.

**ESSB 6004** Relating to fiscal matters ([Chapter 425, Laws of 2019](#))

This bill changes the business and occupation (B&O) tax rate for certain travel agents and tour operators under [RCW 82.04.260](#)(5) for those travel agents and tour operators with a taxable amount for the prior calendar year greater than \$250,000 from 0.275 percent to 0.9 percent. Travel agents and tour operators with a taxable amount for the prior calendar year of \$250,000 or less remain subject to the 0.275 percent B&O tax rate.

ESSB 6004 takes effect July 1, 2019.

**ESB 6016** Concerning the taxation of international investment management companies ([Chapter 426, Laws of 2019](#))

This bill:

- Modifies the business and occupation (B&O) tax preference for international investment management services (IIMS) under [RCW 82.04.290](#)(1) by limiting the definition of persons engaged in IIMS under [RCW 82.04.293](#) to persons that:
  - Have more than 25 percent of their employees located in Washington, and
  - Are part of an affiliated group with:
    - At least 10 offices located in at least eight foreign countries,
    - At least 500 full-time employees worldwide,
    - Worldwide gross revenue of more than \$400 million during the current or immediately preceding calendar year, and
    - Average assets under management of more than \$200 billion during the current or immediately preceding calendar year.
- Allows affiliates of persons engaged in IIMS to also qualify for the IIMS preferential B&O tax rate if they provide certain services and satisfy the 25-percent Washington employment requirement.
- Creates a claw back provision for the economic benefit accrued as a result of the IIMS preferential B&O tax rate when a person previously taking this preference falls below the 25-percent Washington employment requirement.
- Modifies the sales and use tax exemption on sales of standard financial information to qualifying international investment management companies ([RCW 82.08.207](#) and [82.12.207](#)) to apply only to persons qualifying for the preferential B&O tax rate and their affiliates, and extends the sales and use tax exemption to July 1, 2031.

ESB 6016 takes effect July 1, 2019.

## **BILLS AFFECTING THE BUSINESS LICENSING SERVICE**

### **SHB 1034      Establishing a soju endorsement to certain restaurant licenses ([Chapter 61, Laws of 2019](#))**

This bill creates a soju endorsement to the restaurant spirits, beer, and wine liquor license. The endorsement allows the sale of soju by the bottle to certain patrons.

SHB 1034 takes effect July 28, 2019.

### **SHB 1298      Concerning device registration, civil penalties, and service agent registration for the weights and measures program ([Chapter 96, Laws of 2019](#))**

Among other things, this bill modifies the schedule of fees and penalties assessed under the weights and measures program (Chapter [19.94](#) RCW).

SHB 1298 takes effect July 1, 2019.

### **ESHB 1557      Concerning liquor licenses ([Chapter 370, Laws of 2019](#))**

This bill requires the first renewal date of a liquor license to be the last day of the calendar month that is one year from the license approval date. After the first year, subsequent renewals can be prorated in accordance with Chapter [19.02](#) RCW allowing for the harmonizing of business license renewals. Additionally, a new conditional approval status is created for certain liquor license applicants where the only deficiency in an application is the lack of finalized lease agreement for the premises.

ESHB 1557 takes effect January 1, 2020.

### **SHB 2049      Concerning commercial egg layer operations ([Chapter 276, Laws of 2049](#))**

This bill updates certain requirements for commercial egg production operations facilities based on date of construction. Applicants/licensees must attest to compliance with the specific requirements applicable to the facility's construction date in effect at the time of application/renewal.

SHB 2049 takes effect July 28, 2019.

### **SB 5002      Concerning limited cooperative associations ([Chapter 37, Laws of 2019](#))**

This bill creates a new type of legal entity, the limited cooperative association, and establishes statutory provisions governing these legal entities. The Department of Revenue will need to update Business Licensing Service systems to recognize this new type of legal entity.

SB 5002 takes effect July 28, 2019.

**SB 5230**      **Amending motor vehicle laws to align with federal definitions, make technical corrections, and move an effective date to meet a federal timeline**  
**[\(Chapter 44, Laws of 2019\)](#)**

This bill makes various changes to statutes administered by the Department of Licensing. The provision affecting the Business Licensing Service reduces the fee for the transporter indicator tab for a tow truck registered to a registered tow truck operator from \$25 to \$2.

SB 5230 generally takes effect July 28, 2019; however, the tab fee change takes effect June 1, 2019.