

"I am returning herewith without my approval as to one item Engrossed Senate Bill No. 2494 entitled:

Veto
Message

"AN ACT Relating to public recreation, sports, culture and convention centers."

This bill extends the option of levying a local 2% sales tax on charges for hotel and motel lodging to all cities and counties, and also extends the use of such tax revenue for the financing of convention center facilities.

I have always maintained that a bill should not contain an emergency clause unless a real emergency exists which would justify the consequence of removing the right of referendum from the people.

In addition, it has been brought to my attention that the bill poses a serious potential loss of revenue to the state from extending the option of levying the hotel/motel sales tax to all cities. The possibility exists, and the language of the bill does not appear to preclude this, that cities within a county levying the tax may choose to levy their own tax, thus resulting in a total tax of 4% which would be deducted from the 4.5% sales tax otherwise collected by the state. This problem should be given detailed consideration by the Legislature at its next session.

With the exception of section 8 which I have vetoed for the foregoing reasons, the remainder of Engrossed Senate Bill No. 2494 is approved."

CHAPTER 35

[Engrossed Substitute Senate Bill No. 2102]

STATE TAX STRUCTURE--REVISIONS--

INCOME TAX

AN ACT Relating to revenue and taxation; amending section 1, chapter 141, Laws of 1973 1st ex. sess. (uncodified); amending section 3, chapter 141, Laws of 1973 1st ex. sess. and RCW (___-___-___); amending section 82.08.030, chapter 15, Laws of 1961 as last amended by section 5, chapter 141, Laws of 1973 1st ex. sess. and RCW 82.08.030; amending section 82.12.030,

chapter 15, Laws of 1961 as last amended by section 6, chapter 141, Laws of 1973 1st ex. sess. and RCW 82.12.030; amending section 82A-3, chapter 141, Laws of 1973 1st ex. sess. and RCW (____); amending section 82A-4, chapter 141, Laws of 1973 1st ex. sess. and RCW (____); amending section 82A-5, chapter 141, Laws of 1973 1st ex. sess. and RCW (____); amending section 82A-6, chapter 141, Laws of 1973 1st ex. sess. and RCW (____); amending section 82A-8, chapter 141, Laws of 1973 1st ex. sess. and RCW (____); amending section 82A-9, chapter 141, Laws of 1973 1st ex. sess. and RCW (____); amending section 82A-10, chapter 141, Laws of 1973 1st ex. sess. and RCW (____); amending section 82A-11, chapter 141, Laws of 1973 1st ex. sess. and RCW (____); amending section 82A-22, chapter 141, Laws of 1973 1st ex. sess. and RCW (____); amending section 82A-26, chapter 141, Laws of 1973 1st ex. sess. and RCW (____); amending section 82A-30, chapter 141, Laws of 1973 1st ex. sess. and RCW (____); amending section 82A-31, chapter 141, Laws of 1973 1st ex. sess. and RCW (____); amending section 82A-33, chapter 141, Laws of 1973 1st ex. sess. and RCW (____); amending section 82A-34, chapter 141, Laws of 1973 1st ex. sess. (____); adding a new section to chapter 141, Laws of 1973 1st ex. sess. and to chapter (____) RCW; repealing section 4, chapter 141, Laws of 1973 1st ex. sess.; creating new sections; adding a new chapter to Title 82 RCW; and prescribing an effective date and an emergency.

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

Section 1. Section 1, chapter 141, Laws of 1973 1st ex. sess. (uncodified) is amended to read as follows:

It is the intent of the legislature in the adoption of ((this 1973 amendatory act)) chapter 141, Laws of 1973 1st ex. sess. to provide adequate revenues for the support of vital services for the people of this state, to promote equity in its tax structure through implementation of the provisions of HJR No. 37, ((and)) to guarantee full funding of a basic program of education, as defined by the legislature and to assure adequate support of local as well as state government, recognizing the intent of the legislature that, in submitting HJR No. 37 to the people for adoption, the imposition of an income tax not presently authorized by law be reserved to the state.

Sec. 2. Section 3, chapter 141, Laws of 1973 1st ex. sess. and RCW (____) are each amended to read as follows:

("Business inventories" shall be exempt from property taxes according to the following schedule:

Commencing January 1, 1975 -Twenty percent of inventory otherwise taxable:

Commencing January 1, 1976 -Forty percent of inventory otherwise taxable:

Commencing January 1, 1977 -Sixty percent of inventory otherwise taxable:

Commencing January 1, 1978 -Eighty percent of inventory otherwise taxable:

Commencing January 1, 1979 and thereafter -One hundred percent of inventory otherwise taxable:

"Business inventories" means personal property acquired solely for the purpose of sale, or for the purpose of consuming such property in producing for sale a new article of tangible personal property of which such property becomes an ingredient or component.)

"Business inventories" shall be exempt from property taxes according to the following schedule:

Commencing with assessment as of January 1, 1974 for taxes due in 1975 -Twenty percent of inventory otherwise taxable.

Commencing with assessment as of January 1, 1975, for taxes due in 1976 -Forty percent of inventory otherwise taxable.

Commencing with assessment as of January 1, 1976, for taxes due in 1977 -Sixty percent of inventory otherwise taxable.

Commencing with assessment as of January 1, 1977, for taxes due in 1978 -Eighty percent of inventory otherwise taxable.

Commencing with assessment as of January 1, 1978, for taxes due in 1979 and thereafter -One hundred percent of inventory otherwise taxable.

"Business inventories" means all livestock and personal property acquired solely for the purpose of sale, or for the purpose of consuming such property in producing for sale a new article of tangible personal property of which such property becomes an ingredient or component.

Sec. 3. Section 4, chapter 141, Laws of 1973 1st ex. sess. is hereby repealed.

Sec. 4. Section 82.08.030, chapter 15, Laws of 1961 as last amended by section 5, chapter 141, Laws of 1973 1st ex. sess. and RCW 82.08.030 are each amended to read as follows:

The tax hereby levied shall not apply to the following sales:

(1) Casual and isolated sales of property or service, unless made by a person who is engaged in a business activity taxable under chapters 82.04, 82.16 or 82.28: PROVIDED, That the exemption provided by this paragraph shall not be construed as providing any exemption from the tax imposed by chapter 82.12;

(2) Sales made by persons in the course of business activities with respect to which tax liability is specifically imposed under

chapter 82.16, when the gross proceeds from such sales must be included in the measure of the tax imposed under said chapter;

(3) The distribution and newsstand sale of newspapers;

(4) Sales which the state is prohibited from taxing under the Constitution of this state or the Constitution or laws of the United States;

(5) Sales of motor vehicle fuel used in aircraft by the manufacturer thereof for research, development, and testing purposes and sales of motor vehicle fuel taxable under chapter 82.36: PROVIDED, That the use of any such fuel upon which a refund of the motor vehicle fuel tax has been obtained shall be subject to the tax imposed by chapter 82.12;

(6) Sales (including transfers of title through decree of appropriation) heretofore or hereafter made of the entire operating property of a publicly or privately owned public utility, or of a complete operating integral section thereof, to the state or a political subdivision thereof for use in conducting any business defined in subdivisions (1), (2), (3), (4), (5), (6), (7), (8), (9), (10) or (11) of RCW 82.16.010;

(7) Auction sales made by or through auctioneers of tangible personal property (including household goods) which have been used in conducting a farm activity, when the seller thereof is a farmer and the sale is held or conducted upon a farm and not otherwise;

(8) Sales to corporations which have been incorporated under any act of the congress of the United States and whose principal purposes are to furnish volunteer aid to members of armed forces of the United States and also to carry on a system of national and international relief and to apply the same in mitigating the sufferings caused by pestilence, famine, fire, floods, and other national calamities and to devise and carry on measures for preventing the same;

(9) Sales of purebred livestock for breeding purposes where the animals are registered in a nationally recognized breed association; sales of cattle and milk cows used on the farm;

(10) Sales of tangible personal property (other than the type referred to in subdivision (11) hereof) for use by the purchaser in connection with the business of operating as a private or common carrier by air, rail, or water in interstate or foreign commerce: PROVIDED, That any actual use of such property in this state shall, at the time of such actual use, be subject to the tax imposed by chapter 82.12;

(11) Sales of airplanes, locomotives, railroad cars, or watercraft for use in conducting interstate or foreign commerce by transporting therein or therewith property and persons for hire or for use in conducting commercial deep sea fishing operations outside

the territorial waters of the state; also sales of tangible personal property which becomes a component part of such airplanes, locomotives, railroad cars, or watercraft, and of motor vehicles or trailers whether owned by or leased with or without drivers and used by the holder of a carrier permit issued by the Interstate Commerce Commission authorizing transportation by motor vehicle across the boundaries of this state, in the course of constructing, repairing, cleaning, altering, or improving the same; also sales of or charges made for labor and services rendered in respect to such constructing, repairing, cleaning, altering, or improving;

(12) Sales of motor vehicles and trailers to be used for the purpose of transporting therein persons or property for hire in interstate or foreign commerce whether such use is by the owner or whether such motor vehicles and trailers are leased to the user with or without drivers: PROVIDED, That the purchaser or user must be the holder of a carrier permit issued by the Interstate Commerce Commission and that the vehicles will first move upon the highways of this state from the point of delivery in this state to a point outside of this state under the authority of a one-transit permit issued by the director of motor vehicles pursuant to the provisions of RCW 46.16.100;

(13) Sales of motor vehicles and trailers to nonresidents of this state for use outside of this state, even though delivery be made within this state, but only when (a) the vehicles or trailers will be taken from the point of delivery in this state directly to a point outside this state under the authority of a one-transit permit issued by the director of motor vehicles pursuant to the provisions of RCW 46.16.100, or (b) said motor vehicles and trailers will be registered and licensed immediately under the laws of the state of the purchaser's residence, will not be used in this state more than three months, and will not be required to be registered and licensed under the laws of this state;

(14) Sales to nonresidents of this state for use outside of this state of tangible personal property which becomes a component part of any machinery or other article of personal property belonging to such nonresident, in the course of installing, repairing, cleaning, altering, or improving the same and also sales of or charges made for labor and services rendered in respect to any installing, repairing, cleaning, altering, or improving, of personal property of or for a nonresident, but this subsection (14) shall apply only when the seller agrees to, and does, deliver the property to the purchaser at a point outside this state, or delivers the property to a common or bona fide private carrier consigned to the purchaser at a point outside this state;

(15) Sales to nonresidents of this state for use outside of

this state of watercraft requiring coast guard registration or registration by the state of principal use according to the Federal Boating Act of 1958, even though delivery be made within this state, but only when (a) the watercraft will not be used within this state for more than forty-five days and (b) an appropriate exemption certificate supported by identification ascertaining residence as provided by the department of revenue and signed by the purchaser or his agent establishing the fact that the purchaser is a nonresident and that the watercraft is for use outside of this state, one copy to be filed with the department of revenue with the regular report and a duplicate to be retained by the dealer.

(16) Sales of poultry for use in the production for sale of poultry or poultry products.

(17) Sales to nonresidents of this state for use outside of this state of machinery and implements for use in conducting a farming activity, when such machinery and implements will be transported immediately outside the state. As proof of exemption, an affidavit or certification in such form as the department of revenue shall require shall be made for each such sale, to be retained as a business record of the seller.

(18) Sales for use in states, territories and possessions of the United States which are not contiguous to any other state, but only when, as a necessary incident to the contract of sale, the seller delivers the subject matter of the sale to the purchaser or his designated agent at the usual receiving terminal of the carrier selected to transport the goods, under such circumstances that it is reasonably certain that the goods will be transported directly to a destination in such noncontiguous states, territories and possessions.

(19) Sales to municipal corporations, the state, and all political subdivisions thereof of tangible personal property consumed and/or of labor and services rendered in respect to contracts for watershed protection and/or flood prevention. This exemption shall be limited to that portion of the selling price which is reimbursed by the United States government according to the provisions of the Watershed Protection and Flood Prevention Act, Public Laws 566, as amended;

(20) Sales of semen for use in the artificial insemination of livestock;

(21) Sales to nonresidents of this state of tangible personal property for use outside this state when the purchaser has applied for and received from the department of revenue a permit certifying (1) that he is a bona fide resident of a state or possession or Province of Canada other than the state of Washington, (2) that such state, possession, or Province of Canada does not impose a retail

sales tax or use tax of three percent or more or, if imposing such a tax, permits Washington residents exemption from otherwise taxable sales by reason of their residence, and (3) that he does agree, when requested, to grant the department of revenue access to such records and other forms of verification at his place of residence to assure that such purchases are not first used substantially in the state of Washington.

Any person claiming exemption from retail sales tax under the provisions of this subsection must display a nonresident permit as herein provided, and any vendor making a sale to a nonresident without collecting the tax must examine such permit, identify the purchaser as the person to whom the nonresident permit was issued, and maintain records which shall show the permit number attributable to each nontaxable sale.

Permits shall be personal and nontransferable, shall be renewable annually, and shall be issued by the department of revenue upon payment of a fee of one dollar. The department may in its discretion designate independent agents for the issuance of permits, according to such standards and qualifications as the department may prescribe. Such agents shall pay over and account to the department for all permit fees collected, after deducting as a collection fee the sum of fifty cents for each permit issued.

Any person making fraudulent statements in order to secure a permit shall be guilty of perjury. Any person making tax exempt purchases by displaying a permit not his own, or a counterfeit permit, with intent to violate the provisions of this subsection shall be guilty of a misdemeanor and, in addition, may be subject to a penalty not to exceed the amount of the tax due on such purchases. Any vendor who makes sales without collecting the tax to a person who does not hold a valid permit, and any vendor who fails to maintain records of permit numbers as provided in this section shall be personally liable for the amount of tax due.

(22) Sales of form lumber to any person engaged in the constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon or above real property of or for consumers: PROVIDED, That such lumber is used or to be used first by such person for the molding of concrete in a single such contract, project or job and is thereafter incorporated into the product of that same contract, project or job as an ingredient or component thereof.

(23) Sales of, cost of, or charges made for labor and services performed in respect to the mining, sorting, crushing, screening, washing, hauling, and stockpiling of sand, gravel and rock when such sand, gravel, or rock is taken from a pit or quarry which is owned by or leased to a county or a city, and such sand, gravel, or rock is

(1) either stockpiled in said pit or quarry for placement or is placed on the street, road, place, or highway of the county or city by the county or city itself, or (2) sold by the county or city to a county, or a city at actual cost for placement on a publicly owned street, road, place, or highway. The exemption provided for in this subsection shall not apply to sales of, cost of, or charges made for such labor and services, if the sand, gravel, or rock is used for other than public road purposes or is sold otherwise than as provided for in this subsection.

(24) Sales of wearing apparel to persons who themselves use such wearing apparel only as a sample for display for the purpose of effecting sales of goods represented by such sample.

(25) Sales of pollen.

(26) Sales to one political subdivision by another political subdivision directly or indirectly arising out of or resulting from the annexation or incorporation of any part of the territory of one political subdivision by another.

(27) The renting or leasing of motor vehicles and trailers to a nonresident of this state for use exclusively in transporting persons or property across the boundaries of this state and in intrastate operations incidental thereto when such motor vehicle or trailer is registered and licensed in a foreign state and for purposes of this exemption the term "nonresident" shall apply to a renter or lessee who has one or more places of business in this state as well as in one or more other states but the exemption for nonresidents shall apply only to those vehicles which are most frequently dispatched, garaged, serviced, maintained and operated from the renter's or lessee's place of business in another state.

(28) Upon and after ((July) January 1, 1974, sales of prescription drugs. The term "prescription drugs" shall include any medicine, drug, or other substance other than food ordered by the written direction of a dentist, physician or veterinarian duly licensed pursuant to chapters 18.32, 18.57, 18.71 or 18.92 RCW or pursuant to the laws of another jurisdiction, for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in humans or animals.

((29) Upon and after July 1, 1974, sales of food products for human consumption. "Food products" include cereals and cereal products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products excluding candy and confectionery, coffee and coffee substitutes, tea, cocoa and cocoa products excluding candy and confectionery, milk and milk products, milkshakes, malted milks and any other similar type beverages which are composed at least in part of milk or a milk

product and which require the use of milk or a milk product in their preparation, all fruit juices, vegetable juices, and other beverages except bottled water, spirituous, malt or vinous liquors or carbonated beverages, whether liquor or frozen. "Food products" do not include medicines and preparations in liquid, powdered, granular, tablet, capsule, lozenge, and pill form sold as dietary supplements or adjuncts.)

(29) Upon and after January 1, 1974, sales of food products for human consumption.

"Food products" include cereals and cereal products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products ~~excluding candy~~ and confectionery, coffee and coffee substitutes, tea, cocoa and cocoa products ~~excluding candy and confectionery.~~

"Food products" include milk and milk products, milk shakes, malted milks, and any other similar type beverages which are composed at least in part of milk or a milk product and which require the use of milk or a milk product in their preparation.

"Food products" include all fruit juices, vegetable juices, and other beverages except bottled water, spirituous, malt or vinous liquors or carbonated beverages, whether liquid or frozen.

"Food products" do not include medicines and preparations in liquid, powdered, granular, tablet, capsule, lozenge, and pill form sold as dietary supplements or adjuncts.

The exemption of "food products" provided for in this paragraph shall not apply: (a) when the food products are furnished, prepared, or served for consumption at tables, chairs, or counters or from trays, glasses, dishes, or other tableware whether provided by the retailer or by a person with whom the retailer contracts to furnish, prepare, or serve food products to others, or (b) when the food products are ordinarily sold for immediate consumption on or near a location at which parking facilities are provided primarily for the use of patrons in consuming the products purchased at the location, even though such products are sold on a "takeout" or "to go" order and are actually packaged or wrapped and taken from the premises of the retailer, or (c) when the food products are sold for consumption within a place, the entrance to which is subject to an admission charge, except for national and state parks and monuments.

Sec. 5. Section 82.12.030, chapter 15, Laws of 1961, as last amended by section 6, chapter 141, Laws of 1973 1st ex. sess. and RCW 82.12.030 are each amended to read as follows:

The provisions of this chapter shall not apply:

(1) In respect to the use of any article of tangible personal property brought into the state by a nonresident thereof for his use

or enjoyment while temporarily within the state unless such property is used in conducting a nontransitory business activity within the state; or in respect to the use by a nonresident of this state of a motor vehicle which is registered or licensed under the laws of the state of his residence and is not used in this state more than three months, and which is not required to be registered or licensed under the laws of this state; or in respect to the use of household goods, personal effects and private automobiles by a bona fide resident of this state, if such articles were acquired and used by such person in another state while a bona fide resident thereof and such acquisition and use occurred more than thirty days prior to the time he entered this state;

(2) In respect to the use of any article of tangible personal property purchased at retail or acquired by lease, gift or bailment if the sale thereof to, or the use thereof by, the present user or his bailor or donor has already been subjected to the tax under chapter 82.08 or 82.12 and such tax has been paid by the present user or by his bailor or donor; or in respect to the use of property acquired by bailment and such tax has once been paid based on reasonable rental as determined by RCW 82.12.060 measured by the value of the article at time of first use multiplied by the tax rate imposed by chapter 82.08 or 82.12 as of the time of first use; or in respect to the use of any article of tangible personal property acquired by bailment, if the property was acquired by a previous bailee from the same bailor for use in the same general activity and such original bailment was prior to June 9, 1961;

(3) In respect to the use of any article of tangible personal property the sale of which is specifically taxable under chapter 82.16;

(4) In respect to the use of any airplane, locomotive, railroad car, or watercraft used primarily in conducting interstate or foreign commerce by transporting therein or therewith property and persons for hire or used primarily in commercial deep sea fishing operations outside the territorial waters of the state, and in respect to use of tangible personal property which becomes a component part of any such airplane, locomotive, railroad car, or watercraft, and in respect to the use by a nonresident of this state of any motor vehicle or trailer used exclusively in transporting persons or property across the boundaries of this state and in intrastate operations incidental thereto when such motor vehicle or trailer is registered and licensed in a foreign state and in respect to the use by a nonresident of this state of any motor vehicle or trailer so registered and licensed and used within this state for a period not exceeding fifteen consecutive days under such rules as the department of revenue shall adopt: PROVIDED, That under

circumstances determined to be justifiable by the department of revenue a second fifteen day period may be authorized consecutive with the first fifteen day period; and for the purposes of this exemption the term "nonresident" as used herein, shall include a user who has one or more places of business in this state as well as in one or more other states, but the exemption for nonresidents shall apply only to those vehicles which are most frequently dispatched, garaged, serviced, maintained, and operated from the user's place of business in another state; and in respect to the use by the holder of a carrier permit issued by the Interstate Commerce Commission of any motor vehicle or trailer whether owned by or leased with or without driver to the permit holder and used in substantial part in the normal and ordinary course of the user's business for transporting therein persons or property for hire across the boundaries of this state if the first use of which within this state is actual use in conducting interstate or foreign commerce; and in respect to the use of any motor vehicle or trailer while being operated under the authority of a one-transit permit issued by the director of motor vehicles pursuant to RCW 46.16.100 and moving upon the highways from the point of delivery in this state to a point outside this state; and in respect to the use of tangible personal property which becomes a component part of any motor vehicle or trailer used by the holder of a carrier permit issued by the Interstate Commerce Commission authorizing transportation by motor vehicle across the boundaries of this state whether such motor vehicle or trailer is owned by or leased with or without driver to the permit holder;

(5) In respect to the use of any article of tangible personal property which the state is prohibited from taxing under the Constitution of the state or under the Constitution or laws of the United States;

(6) In respect to the use of motor vehicle fuel used in aircraft by the manufacturer thereof for research, development, and testing purposes and motor vehicle fuel taxable under chapter 82.36: PROVIDED, That the use of such fuel upon which a refund of the motor vehicle fuel tax is obtained shall not be exempt, and the director of motor vehicles shall deduct from the amount of such tax to be refunded the amount of tax due under this chapter and remit the same each month to the department of revenue;

(7) In respect to the use of any article of tangible personal property included within the transfer of the title to the entire operating property of a publicly or privately owned public utility, or of a complete operating integral section thereof, by the state or a political subdivision thereof in conducting any business defined in subdivisions (1), (2), (3), (4), (5), (6), (7), (8), (9), (10), or (11) of RCW 82.16.010;

(8) In respect to the use of tangible personal property (including household goods) which have been used in conducting a farm activity, if such property was purchased from a farmer at an auction sale held or conducted by an auctioneer upon a farm and not otherwise;

(9) In respect to the use of tangible personal property by corporations which have been incorporated under any act of the congress of the United States and whose principal purposes are to furnish volunteer aid to members of the armed forces of the United States and also to carry on a system of national and international relief and to apply the same in mitigating the sufferings caused by pestilence, famine, fire, flood, and other national calamities and to devise and carry on measures for preventing the same;

(10) In respect to the use of purebred livestock for breeding purposes where said animals are registered in a nationally recognized breed association; sales of cattle and milk cows used on the farm;

(11) In respect to the use of poultry in the production for sale of poultry or poultry products;

(12) In respect to the use of fuel by the extractor or manufacturer thereof when used directly in the operation of the particular extractive operation or manufacturing plant which produced or manufactured the same;

(13) In respect to the use of motor vehicles, equipped with dual controls, which are loaned to and used exclusively by a school in connection with its driver training program: PROVIDED, That this exemption and the term "school" shall apply only to (a) the University of Washington, Washington State University, the state colleges and the state community colleges or (b) any public, private or parochial school accredited by either the state board of education or by the University of Washington (the state accrediting station) or (c) any public vocational school meeting the standards, courses and requirements established and prescribed or approved in accordance with the Community College Act of 1967 (chapter 8, Laws of 1967 first extraordinary session);

(14) In respect to the use by a bailee of any article of tangible personal property which is entirely consumed in the course of research, development, experimental and testing activities conducted by the user, provided the acquisition or use of such articles by the bailor was not subject to the taxes imposed by chapter 82.08 or chapter 82.12;

(15) In respect to the use by residents of this state of motor vehicles and trailers acquired and used while such persons are members of the armed services and are stationed outside this state pursuant to military orders, but this exemption shall not apply to members of the armed services called to active duty for training

purposes for periods of less than six months and shall not apply to the use of motor vehicles or trailers acquired less than thirty days prior to the discharge or release from active duty of any person from the armed services;

(16) In respect to the use of semen in the artificial insemination of livestock;

(17) In respect to the use of form lumber by any person engaged in the constructing, repairing, decorating or improving of new or existing buildings or other structures under, upon or above real property of or for consumers: PROVIDED, That such lumber is used or to be used first by such person for the molding of concrete in a single such contract, project or job and is thereafter incorporated into the product of that same contract, project or job as an ingredient or component thereof;

(18) In respect to the use of any sand, gravel, or rock to the extent of the cost of or charges made for labor and services performed in respect to the mining, sorting, crushing, screening, washing, hauling, and stockpiling such sand, gravel, or rock, when such sand, gravel, or rock is taken from a pit or quarry which is owned by or leased to a county or a city, and such sand, gravel, or rock is (1) either stockpiled in said pit or quarry for placement or is placed on the street, road, place, or highway of the county or city by the county or city itself, or (2) sold by the county or city to a county, or a city at actual cost for placement on a publicly owned street, road, place, or highway. The exemption provided for in this subsection shall not apply to the use of such material to the extent of the cost of or charge made for such labor and services, if the material is used for other than public road purposes or is sold otherwise than as provided for in this subsection.

(19) In respect to the use of wearing apparel only as a sample for display for the purpose of effecting sales of goods represented by such sample.

(20) In respect to the use of tangible personal property held for sale and displayed in single trade shows for a period not in excess of thirty days, the primary purpose of which is to promote the sale of products or services.

(21) In respect to the use of pollen.

(22) In respect to the use of the personal property of one political subdivision by another political subdivision directly or indirectly arising out of or resulting from the annexation or incorporation of any part of the territory of one political subdivision by another.

(23) Upon and after (~~July~~) January 1, 1974, in respect to the use of prescription drugs. The term "prescription drugs" shall include any medicine, drug, or other substance other than food

ordered by the written direction of a dentist, physician or
 V veterinarian duly licensed pursuant to chapters 18.32, 18.57, 18.71
 V or 18.92 RCW, or pursuant to the laws of another jurisdiction, for
 V use in the diagnosis, cure, mitigation, treatment, or prevention of
 disease in humans and animals.

((24) Upon and after July 1, 1974, in respect to the use of food products for human consumption: "Food products" include cereals and cereal products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products excluding candy and confectionery, coffee and coffee substitutes, tea, cocoa and cocoa products excluding candy and confectionery, milk and milk products, milkshakes, malted milks and any other similar type beverages which are composed at least in part of milk or a milk product and which require the use of milk or a milk product in their preparation, all fruit juices, vegetable juices, and other beverages except bottled water, spirituous, malt or vinous liquors or carbonated beverages, whether liquor or frozen. "Food products" do not include medicines and preparations in liquid, powdered, granular, tablet, capsule, lozenge, and pill form sold as dietary supplements or adjuncts.))

(24) Upon and after January 1, 1974, in respect to the use of food products for human consumption.

"Food products" include cereals and cereal products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit
 V products, spices and salt, sugar and sugar products excluding candy
 V and confectionery, coffee and coffee substitutes, tea, cocoa and
 V cocoa products excluding candy and confectionery.

"Food products" include milk and milk products, milk shakes, malted milks, and any other similar type beverages which are composed at least in part of milk or a milk product and which require the use of milk or a milk product in their preparation.

"Food products" include all fruit juices, vegetable juices, and other beverages except bottled water, spirituous, malt or vinous liquors or carbonated beverages, whether liquid or frozen.

"Food products" do not include medicines and preparations in liquid, powdered, granular, tablet, capsule, lozenge, and pill form sold as dietary supplements or adjuncts.

The exemption of "food products" provided for in this paragraph shall not apply: (a) when the food products are furnished, prepared, or served for consumption at tables, chairs, or counters or from trays, glasses, dishes, or other tableware whether provided by the retailer or by a person with whom the retailer contracts to furnish, prepare, or serve food products to others, or (b) when the

food products are ordinarily sold for immediate consumption on or near a location at which parking facilities are provided primarily for the use of patrons in consuming the products purchased at the location, even though such products are sold on a "takeout" or "to go" order and are actually packaged or wrapped and taken from the premises of the retailer, or (c) when the food products are sold for consumption within a place, the entrance to which is subject to an admission charge, except for national and state parks and monuments.

Sec. 6. Section 82A-3, chapter 141, Laws of 1973 1st ex. sess. and RCW (___.___.___) are each amended to read as follows:

Definitions and Rules of Interpretation. When used in this Title where not otherwise distinctly expressed or manifestly incompatible with the intent thereof:

(1) Business Income. The term "business income" means:

(a) in the case of a corporation, its total income from whatever source derived; and

(b) in all other cases income arising from transactions and activity in the regular course of the taxpayer's trade or business, net of the deductions allocable thereto, and includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations. Such term does not include compensation or the deductions allocable thereto.

(2) Capital Asset. The term "capital asset" means ~~((i) a capital asset as defined in section 1221 of the Internal Revenue Code~~ ~~((ii) property defined in section 1231 of the Internal Revenue Code~~ and ~~((iii) other real property))~~ capital property as defined herein.

(3) The term "capital property" shall mean (i) a capital asset as defined in section 1221 of the Internal Revenue Code, (ii) property defined in section 1231 of the Internal Revenue Code or (iii) other real property.

~~((3))~~ (4) Commercial Domicile. The term "commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed.

~~((4))~~ (5) Compensation. The term "compensation" means wages, salaries, commissions and any other form of remuneration paid to employees for personal services, as used in both sections 3401 and 3402 of the Internal Revenue Code.

~~((5))~~ (6) Corporation. The term "corporation" means, in addition to an incorporated entity, an association, trust or any unincorporated organization which is defined as a corporation in the Internal Revenue Code.

~~((6))~~ (7) Department. The term "department" means the department of revenue of this state.

~~((7))~~ (8) Director. The term "director" means the director

of revenue of this state.

((10)) (9) Fiduciary. The term "fiduciary" means a guardian, trustee, executor, administrator, executrix, administratrix, receiver, conservator, or any person acting in any fiduciary capacity for any person.

((11)) (10) Financial Institution. "Financial institution" means any bank, trust company, building and loan or savings and loan association, bank holding company as defined in section 1841, chapter 17, Title 12 of the laws of the United States, or industrial bank.

((12)) (11) Financial Organization. The term "financial organization" means any bank, trust company, savings bank, industrial bank, land bank, safe deposit company, private banker, savings and loan association, bank holding company as defined in section 1841, chapter 17, Title 12 of the laws of the United States, building and loan association, credit union, currency exchange, cooperative bank, small loan company, sales finance company, or investment company, and any other corporation at least 90 percent of whose assets consist of intangible property and at least 90 percent of whose gross income consists of dividends or interest or other charges resulting from the use of money or credit.

((13)) (12) Fiscal Year. The term "fiscal year" means an accounting period of twelve months ending on the last day of any month other than December.

((14)) (13) Foreign Corporation. The term "foreign corporation" means a corporation organized under the laws of a foreign country or a corporation organized under the laws of any state or the United States which is domiciled in a foreign country.

((15)) (14) Includes and Including. The terms "includes" and "including" when used in a definition contained in this Title shall not be deemed to exclude other things otherwise within the meaning of the term defined.

((16)) (15) Internal Revenue Code. The term "Internal Revenue Code" means the United States Internal Revenue Code of 1954 or any successor law or laws relating to federal income taxes in effect for the taxable year.

((17)) (16) Nonbusiness Income. The term "nonbusiness income" means all income other than business income or compensation.

((18)) (17) Nonresident. The term "nonresident" means a person who is not a resident.

((19)) (18) Paid, Incurred and Accrued. The terms "paid", "incurred" and "accrued" shall be construed according to the method of accounting upon the basis of which the person's taxable income is computed under this Title.

((20)) (19) Partnership and Partner. The term "partnership" includes a syndicate, group, pool, joint venture or other

unincorporated organization, through or by means of which any business, financial operation, or venture is carried on, and which is not, within the meaning of this Title, a trust or estate or a corporation; and the term "partner" includes a member in such syndicate, group, pool, joint venture or organization.

((19)) (20) Person or Individual. The term "person or individual" shall be construed to mean and include an individual, a trust, estate, partnership, association, firm, company, corporation or fiduciary or any other group or combination acting as a unit.

((20)) (21) Regulations. The term "regulations" includes rules promulgated and forms prescribed by the department.

((21)) (22) Resident. The term "resident" means: (a) An individual who is domiciled in this state unless he maintains no permanent place of abode in this state and does maintain a permanent place of abode elsewhere and spends in the aggregate not more than 30 days of the taxable year in this state; or who is not domiciled in this state but maintains a permanent place of abode in this state and spends in the aggregate more than 183 days of the taxable year in this state;

(b) The estate of a decedent who at his death was domiciled in this state;

(c) A trust created by a will of a decedent who at his death was domiciled in this state; and

(d) An irrevocable trust, the grantor of which was domiciled in this state at the time such trust became irrevocable. For purposes of this subparagraph, a trust shall be considered irrevocable to the extent that the grantor is not treated as the owner thereof under sections 671 through 678 of the Internal Revenue Code.

For purpose of the definition of a "resident", a taxable year shall be deemed terminated at the date of death of an individual.

((22)) (23) Returns. The term "returns" includes declarations of estimated tax required under this Title.

((23)) (24) Sales. The term "sales" means all gross receipts of the taxpayer not allocated under sections 82A-12 through 82A-15 except as provided in section 82A-22 for sales factor purposes.

((24)) (25) State. The term "state" when applied to a jurisdiction other than this state means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any Territory or Possession of the United States, or any political subdivision of any of the foregoing.

((25)) (26) "Tax" includes interest and penalties and includes the tax required to be withheld by an employer on wages, unless the intention to give it a more limited meaning is disclosed by the context.

~~((26))~~ (27) Taxable Income. "Taxable income" means taxable income or net income properly returned to and ascertained by the United States government for the tax year subject to the modifications and adjustments contained in this Title.

~~((27))~~ (28) Taxable Year. The term "taxable year" or "tax year" means the calendar year, or the fiscal year ending during such calendar year, upon the basis of which the taxable income is computed under this Title. "Taxable year" or "tax year" means, in the case of a return made for a fractional part of a year under the provisions of this Title, the period for which such return is made.

~~((28))~~ (29) Taxpayer. The term "taxpayer" means any person subject to the tax imposed by this Title.

~~((29))~~ (30) Constructions. Words denoting number, gender, and so forth, when used in this Title, where not otherwise distinctly expressed or manifestly incompatible with the intent thereof:

(a) Words importing the singular include and apply to several persons, parties or things;

(b) Words importing the plural include the singular; and

(c) Words importing the masculine gender include the feminine as well.

~~((30))~~ (31) "Company" or "Association" as Including Successors and Assigns. The word "company" or "association", when used in reference to a corporation, shall be deemed to embrace the words "successors and assigns of such company or association", and in like manner as if these last-named words, or words of similar import, were expressed.

~~((31))~~ (32) Other terms. Any term used in any section of this Title with respect to the application of, or in connection with, the provisions of any other section of this Title shall have the same meaning as in such other section.

~~((32))~~ (33) Captions. Section, subsection, part and subpart headings and captions do not constitute any part of the law.

Sec. 7. Section 82A-4, chapter 141, Laws of 1973 1st ex. sess. and RCW (_____) are each amended to read as follows:

Taxable Income-Persons Other Than a Corporation, a Financial Institution or an Estate or Trust. (1) Taxable income of persons other than a corporation, financial institution or an estate or trust means adjusted gross income as defined in the Internal Revenue Code and as required to be returned to and ascertained by the federal government for the tax year subject to the following modifications:

~~((a)~~ Add gross interest income and dividends derived from obligations or securities of states other than Washington state in the same amount which has been excluded from federal adjusted gross income less related expenses not deducted in computing federal adjusted gross income because of section 265(f) of the Internal

Revenue Code:)) (a) Add gross interest income and dividends which have been excluded from federal adjusted gross income less related expenses not deducted in computing federal adjusted gross income because of section 265 (1) of the Internal Revenue Code except interest from obligations of the state of Washington and its political subdivisions less related expenses deducted in computing adjusted gross income.

(b) Add taxes on or measured by net income to the extent the taxes have been deducted ((except the tax imposed by REW 82-04 {business and occupation tax})) in arriving at federal adjusted gross income.

((c) Add an amount equal to all amounts paid or accrued to the taxpayer as interest or dividends to the extent excluded from gross income in the computation of adjusted gross income:))

((d)) (c) Add the amount of any deduction taken pursuant to section 613 (b) (1) of the Internal Revenue Code.

((e)) (d) Deduct, to the extent included in federal adjusted gross income, income derived from obligations of the United States government which this state is prohibited by law from subjecting to a net income tax, reduced by any interest on indebtedness incurred in carrying the obligations, and by any expense incurred in the production of such income to the extent that the expenses, including amortizable bond premiums, were deducted in arriving at federal adjusted gross income.

((f)) (e) Deduct the amount paid for medical and dental care during the taxable year by the taxpayer, his or her spouse, and dependents and allowable as ((a)) an itemized deduction for federal income tax purposes under section 213 of the Internal Revenue Code.

((g)) (f) Deduct the amount of one thousand two hundred fifty dollars multiplied by the number of exemptions allowed to the taxpayer for the same taxable year under the Internal Revenue Code.

((h)) (g) Deduct in the case of a spouse, alimony, support maintenance payments and principal sums payable in installments to the extent included in the other spouse's adjusted gross income, pursuant to the provisions of the Internal Revenue Code, but only to the extent otherwise deductible by such spouse pursuant to the provisions of the Internal Revenue Code.

((i)) (h) Deduct the amount paid by a taxpayer during the taxable year for necessary employee employment expenses, other than expenses deducted in arriving at adjusted gross income, including but not limited to union or professional association dues, fees to secure employment, work tools and required uniforms to the extent allowable as an itemized deduction under the Internal Revenue Code.

((j)) (i) Any adjustments with respect to estate and trust income as provided in section 82A-6.

~~((j))~~ (j) Any adjustments resulting from the allocation and apportionment provisions of subpart D.

~~((k))~~ (k) Any adjustments with respect to income from small business corporations as provided in section 82A-10.

~~((l))~~ (l) Any adjustments with respect to partnership income as provided in section 82A-11.

~~((m))~~ (m) Any adjustments with respect to capital assets as provided in section 82A-11.

(n) Any adjustments with respect to net operating or capital loss deductions as provided for corporations and financial institutions in section 82A-5.

(2) For the purposes of this section, a person other than a corporation, a financial institution or estate or trust means in addition to a resident or nonresident individual:

(a) A partner in a partnership.

(b) A beneficiary of an estate or a trust.

(3) For the purposes of this section, the taxable income of a nonresident shall be computed in the same manner as in the case of a resident, subject to the allocation and apportionment provisions of subpart D.

(4) A resident beneficiary of a trust whose taxable income includes all or part of an accumulation distribution by a trust, as defined in section 665 of the Internal Revenue Code, shall be allowed a credit against the tax otherwise due under this Title. The credit shall be all or a proportionate part of any tax paid by the trust under this Title for any preceding taxable year which would not have been payable if the trust had in fact made distribution to its beneficiaries at the times and in the amounts specified in section 666 of the Internal Revenue Code. The credit shall not reduce the tax otherwise due from the beneficiary to an amount less than would have been due if the accumulation distribution were excluded taxable income.

(5) Taxable income of a nonresident who is a beneficiary of a resident estate or trust shall include the beneficiary's share of estate or trust income.

(6) The taxable income of a resident who is required to include income from a trust in his federal income tax return under the provisions of subpart E of subchapter J of the Internal Revenue Code, sections 671 through 678, shall include items of income and deductions from the trust in taxable income.

(7) It is the intention of this section that the income subject to tax or taxable income be computed in like manner and be the same as provided in the Internal Revenue Code, subject to adjustments specifically provided for in this Title.

(8) An addition or subtraction shall not be allowed under this

section which has the effect of duplicating an item of income or deduction.

Sec. 8. Section 82A-5, chapter 141, Laws of 1973 1st ex. sess. and RCW (_____) are each amended to read as follows:

Taxable Income of Corporations Including Financial Institutions. (1) "Taxable income" in the case of a corporation including a financial institution means federal taxable income subject to the following adjustments:

~~((a) Add gross interest income and dividends derived from obligations or securities of states other than Washington state in the same amount which has been excluded from federal taxable income, less related expenses not deducted in computing federal taxable income because of section 265 of the Internal Revenue Code;))~~ (a) Add gross interest income and dividends which have been excluded from federal taxable income less related expenses not deducted in computing federal adjusted gross income because of section 265 (1) of the Internal Revenue Code except interest from obligations of the state of Washington and its political subdivisions less related expenses deducted in computing adjusted gross income.

(b) Add taxes on or measured by net income to the extent the taxes have been deducted in arriving at federal taxable income.

(c) Add any net operating loss deductions which have been deducted in arriving at federal taxable income, and deduct any net operating loss deductions as defined in subsection (3).

(d) Add any capital loss carry-over which has been deducted in arriving at federal taxable income, and deduct the capital loss carry-over that would be deductible under the Internal Revenue Code if the Internal Revenue Code had become effective on January 1, 1974.

(e) Add for corporations other than financial institutions, losses on the sale or exchange of obligations of the United States government, the income of which this state is prohibited from subjecting to a net income tax, to the extent that the loss has been deducted in arriving at federal taxable income.

(f) Add the amount of any deduction taken pursuant to section 613(b)(1) of the Internal Revenue Code.

~~((g) Add an amount equal to all amounts paid or accrued to the taxpayer as interest during the taxable year to the extent excluded from gross income in the computation of taxable income;))~~

~~((h) Add in the case of a cooperative association patronage dividends to the extent deducted in computing federal taxable income;))~~

~~((i))~~ (g) Add in the case of a Western Hemisphere trade corporation, China Trade Act corporation, or possessions company described in section 931(a) of the Internal Revenue Code, an amount equal to the amount deducted or excluded from gross income in the

computation of taxable income for the taxable year on account of the special deductions and exclusions (but in the case of a possessions company, net of the deductions allocable thereto) allowed such corporations under the Internal Revenue Code.

(h) Deduct one hundred percent of dividend income to the extent such income constitutes "qualifying dividends" as defined in section 243 (b) (1) of the Internal Revenue Code and eighty-five percent of other dividend income: PROVIDED, HOWEVER, That the deduction provided herein shall be allowed only to the extent that the income of the payor corporation from which the dividend is paid has been included in taxable income and has been subject to the tax imposed by this title.

~~((f))~~ (i) Deduct, for corporations other than financial institutions, to the extent included in federal taxable income, income derived from obligations or sale or exchange of obligations of the United States government, which this state is prohibited by law from subjecting to a net income tax reduced by any interest on indebtedness incurred to carry the obligations, and by any expenses incurred in the production of such income to the extent that the expenses including amortizable bond premiums and interest were deducted in arriving at federal taxable income.

~~((g))~~ (j) Deduct the foreign dividend gross-up included in federal taxable income pursuant to section 78 of the Internal Revenue Code.

~~((h))~~ (k) Any adjustments resulting from the apportionment provisions of subpart D of this Title and the accounting provisions of section 82A-34.

~~((i))~~ (l) Any adjustments with respect to capital assets as provided in section 82A-11.

(2) Federal taxable income means "taxable income" as defined in section 63 of the Internal Revenue Code plus any special deductions for corporations for dividends received allowed by sections 241, 243, 244, 245, 246 and 247 of the Internal Revenue Code.

"Taxable income" for purposes of this definition shall mean:

(a) Certain life insurance companies. In the case of a life insurance company subject to the tax imposed by section 802 of the Internal Revenue Code, life insurance company taxable income;

(b) Certain mutual insurance companies. In the case of a mutual insurance company subject to the tax imposed by section 821 (a) or (c) of the Internal Revenue Code, mutual insurance company taxable income or taxable investment income, as the case may be;

(c) Regulated investment companies. In the case of a regulated investment company subject to the tax imposed by section 852 of the Internal Revenue Code, investment company taxable income;

(d) Real estate investment trusts. In the case of a real estate investment trust subject to the tax imposed by section 857 of the Internal Revenue Code, real estate investment trust taxable income;

(e) Cooperatives. In the case of cooperative corporation or association, the taxable income of such organization determined in accordance with the provisions of sections 1381 through 1388 of the Internal Revenue Code.

(3) Net operating loss means the loss that would result from the computation under subsection (1) without deducting the net operating loss deduction permitted by subdivision (c) of subsection (1), and without deducting the capital loss carry-over permitted by subdivision (d) of subsection (1). The net operating loss is first carried back to the earliest of the 3 years preceding the loss year and, if not entirely used up in offsetting taxable income in that year, the unused portion of the loss is first carried back to the second earliest year and the balance, if any, is carried back to the year next preceding the loss year. If the taxable income of the 3 preceding years is not sufficient to be offset by the loss, the unused portion of the loss is first carried over to the year next following the loss year, then successively to the next 4 years following the loss year or until the loss is used up, whichever first occurs, but in no case for more than 5 years after the loss year. A net operating loss shall not be allowed for taxable periods ending before January 1, 1974, and the loss shall not be applied to the income of any taxable periods ending before January 1, 1974.

(4) If for the taxable year of a corporation, there is in effect an election under section 992(a) of the Internal Revenue Code or the corporation is treated as a domestic international sales corporation as defined in section 992(a)(3) of the Internal Revenue Code, the corporation shall be subject to the tax imposed by this title on its taxable income as defined in the Internal Revenue Code for such corporation subject to the adjustments contained in this section except:

(a) There shall be deducted from taxable income the amount of earnings and profits taxed to the shareholders for the taxable year under section 995 of the Internal Revenue Code which have not in fact been distributed to the shareholders.

(b) In case the corporation is a wholly owned subsidiary corporation of another corporation which is subject to the tax imposed by this title, the corporation shall not be treated as a taxable entity and the taxable income of the parent corporation shall be determined by combining the taxable income and apportionment factors of the wholly owned subsidiary corporation and the parent corporation as provided for in section 82A-34. The corporation shall

be considered a wholly owned subsidiary if all of its outstanding shares, except director's qualifying shares, are owned by a single corporation, either directly or indirectly through other corporations all of whose shares, except directors qualifying shares, are owned directly or indirectly by such corporation.

Sec. 9. Section 82A-6, chapter 141, Laws of 1973 1st ex. sess. and RCW (_____) are each amended to read as follows:

Taxable Income of Trusts or Estates. (1) "Taxable income" in the case of an estate or trust means federal taxable income as defined in the Internal Revenue Code subject to the following adjustments:

~~((a) Add gross interest income and dividends derived from obligations or securities of states other than Washington state in the same amount which has been excluded from federal taxable income less related expenses not deducted in computing federal taxable income because of section 265 of the Internal Revenue Code.))~~ (a) Add gross interest income and dividends which have been excluded from federal taxable income less related expenses not deducted in computing federal adjusted gross income because of section 265 (1) of the Internal Revenue Code except interest from obligations of the state of Washington and its political subdivisions less related expenses deducted in computing adjusted gross income.

(b) Add taxes on or measured by net income to the extent the taxes have been deducted ~~((except the tax imposed by RCW 82-04 {business and occupation tax}))~~ in arriving at federal taxable income.

(c) Add the amount of deduction taken pursuant to section 613(b)(1) of the Internal Revenue Code.

(d) Deduct, to the extent included in federal taxable income, income derived from obligations of the United States government which this state is prohibited by law from subjecting to a net income tax, reduced by any interest on indebtedness incurred in carrying the obligations, and by any expenses incurred in the production of such income to the extent that the expenses, including amortizable bond premiums, were deducted in arriving at federal taxable income.

~~((e) Add an amount equal to all amounts paid or accrued to the taxpayer as interest or dividends during the taxable year to the extent excluded from gross income in the computation of taxable income.))~~ (e) Any adjustments with respect to net operating and capital loss deductions as provided for corporations in section 82A-5.

(f) Deduct any adjustment resulting from the allocation and apportionment provisions of subpart D.

(g) Any adjustments with respect to capital assets as provided in section 82A-11.

(2) The respective shares of an estate or trust and its beneficiaries, including, solely for the purpose of this allocation, nonresident beneficiaries, in the additions and subtractions to taxable income shall be in proportion to their respective shares of distributable net income of the estate or trust as defined in the Internal Revenue Code. If the estate or trust has no distributable net income for the taxable year, the share of each beneficiary in the additions and subtractions shall be in proportion to his share of the estate or trust income for the year, under local law or the terms of the instrument, which is required to be distributed currently and any other amounts of such income distributed in the year. Any balance of the additions and subtractions shall be allocated to the estate or trust.

(3) An addition or subtraction shall not be made under this section which has the effect of duplicating an item of income or deduction.

Sec. 10. Section 82A-8, chapter 141, Laws of 1973 1st ex. sess. and RCW (___.___.___) are each amended to read as follows:

Tax Imposed-Corporations Other Than Financial Institutions. For receiving, earning or otherwise acquiring income from any source whatsoever after the effective date of this Title, there is levied and imposed a tax on every corporation other than a financial institution. The tax shall be the following percentage of the corporation's taxable income, for each of the following taxable years:

Commencing January 1, 1974 -~~((Eight))~~ Seven and one-half percent of taxable income.

Commencing January 1, ~~((1976))~~ 1975 -~~Eight~~ ((and one-half)) percent of taxable income.

Commencing January 1, ~~((1977))~~ 1976 -~~((Nine))~~ Eight and one-half percent of taxable income.

Commencing January 1, ~~((1978))~~ 1977 -~~Nine~~ ((and one-half)) percent of taxable income.

Commencing January 1, 1978 -Nine and one-half percent of taxable income.

Commencing January 1, 1979 -Ten percent of taxable income.

Sec. 11. Section 82A-9, chapter 141, Laws of 1973 1st ex. sess. and RCW (___.___.___) are each amended to read as follows:

Tax Imposed-Financial Institutions. There is hereby imposed and levied a tax on financial institutions on the privilege of carrying on any business activity in this state, in addition to other taxes imposed by law, a tax measured by the taxable income of every financial institution as follows, for each of the following taxable years:

Commencing January 1, 1974 -~~((Eight))~~ Seven and one-half

percent of taxable income.

Commencing January 1, ((1976)) 1975 -Eight ((and one-half)) percent of taxable income.

Commencing January 1, ((1977)) 1976 -((Nine)) Eight and one-half percent of taxable income.

Commencing January 1, ((1978)) 1977 -Nine ((and one-half)) percent of taxable income.

Commencing January 1, 1978 -Nine and one-half percent of taxable income.

Commencing January 1, 1979 -Ten percent of taxable income.

Sec. 12. Section 82A-10, chapter 141, Laws of 1973 1st ex. sess. and RCW (_____) are each amended to read as follows:

Corporate election under subchapter S. (1) A corporation which has filed a proper election under subchapter S of the Internal Revenue Code shall be subject to the tax imposed on corporations by this Title in the same manner as though no such election had been made ((to the extent that its shares of stock are owned by nonresidents of this state)) except that the rate of tax shall be at the highest rate imposed on individuals under section 82A-7.

((2) A resident stockholder of a subchapter S corporation shall include in his computation of taxable income any income or losses of the subchapter S corporation attributable to him in the computation of his federal income tax for the same tax year.)

((3)) (2) A ((nonresident)) stockholder of a subchapter S corporation shall exclude any income or losses of a subchapter S corporation from taxable income for purposes of this Title.

Sec. 13. Section 82A-11, chapter 141, Laws of 1973 1st ex. sess. and RCW (_____) are each amended to read as follows:

Adjustments to Taxable Income--Allocation and Apportionment Rules. (1) In General. (a) The taxable income of any taxpayer whose income producing activities are confined solely to this state shall be allocated to this state.

(b) Any taxpayer having business income which is taxable both within and without this state, other than the rendering of personal services by a resident individual, shall apportion his income as provided in this Title.

(c) To the extent taxable income is subject to the allocation and apportionment provisions of this Title, only non-business income shall be allocated as provided in sections 82A-12 through 82A-15 and all business income shall be apportioned as provided in sections 82A-16 through 82A-30 of this Title.

(d) Any taxpayer whose taxable income for any tax year is increased or diminished by the sale or exchange of a capital asset after the effective date of this title which the taxpayer owned prior to the effective date of this title shall recompute taxable income

for such tax year by excluding therefrom that proportion of the gain or loss on the sale or exchange of a capital asset included in taxable income and attributable to the taxpayer's holding period of the capital asset occurring prior to the effective date of this title. The ~~((proportion))~~ portion of the gain or loss attributable to the taxpayer's holding period prior to the effective date of this title, at the election of the taxpayer, shall be either:

(i) The ratio that the holding period of the taxpayer expressed in months prior to the effective date of this title bears to the total holding period of the taxpayer expressed in months.

(ii) The difference between the fair market value of the capital asset on the effective date of this title and the ~~((amount of gain or loss))~~ adjusted basis taken into account in determining taxable income. The method of determining the fair market value of a capital asset on the effective date of this title for the purpose of this election shall be prescribed by the department.

(2) Taxable In Another State. For purposes of allocation and apportionment of income under this Title, a taxpayer is taxable in another state if that state has jurisdiction to subject the taxpayer to a net income tax whether or not the state has a net income tax.

(3) Resident Individuals, Estates or Trusts. In case of a resident individual, estate or trust all taxable income from any source whatsoever, except that attributable to another state under the allocation or apportionment provisions of subpart D and subject to the credit provisions of 82A-33, is allocated to this state.

(4) Nonresident Individuals, Estates or Trusts. In case of a nonresident individual, estate or trust all taxable income is allocated to this state to the extent it is earned, received or acquired:

(a) For the rendition of personal services performed in this state.

(b) As a distributive share of the net profits of an unincorporated business, profession, enterprise, undertaking or other activity as the result of work done, services rendered and other business activities conducted in this state, except as allocated or apportioned to another state pursuant to the provisions of Subpart D ~~((and subject to the credit provisions of section 82A-33))~~.

(5) Beneficiaries of Nonresident Estates or Trusts. (a) The respective shares of a nonresident estate or trust and its beneficiaries, including, solely for purposes of allocation, resident and nonresident beneficiaries, in the income attributable to Washington, shall be in proportion to their respective shares of distributable net income under the Internal Revenue Code. If the estate or trust has no distributable net income for the taxable year, the share of each beneficiary in the income attributable to

Washington, shall be in proportion to his share of the estate or trust income for such year, under local law or the terms of the instrument, which is required to be distributed currently and other amounts of such income distributed in such year. Any balance of the income attributable to Washington shall be allocated to the estate or trust.

(b) A nonresident estate or trust shall be allowed the credit provided in section 82A-33 (2) except that the limitation shall be computed by reference to the taxable income of the estate or trust.

(6) Rents and royalties from real or tangible personal property, capital gains, interest, dividends or patent or copyright royalties, to the extent that they constitute nonbusiness income together with any item of deduction allocable thereto, shall be allocated as provided in sections 82A-12 through 82A-15.

(7) In the case of a corporation including a financial institution which is taxable in more than one state, all taxable income from whatever source derived shall be apportioned as provided in this Title and the specific allocation rules in sections 82A-12 through 82A-15 shall not apply.

(8) Allocation of Partnership Income by Partnerships and Partners Other Than Residents. (a) Allocation of partnership business income by partners other than residents. The respective shares of partners other than residents in so much of the business income of the partnership as is allocated or apportioned to this state in the hands of the partnership shall be taken into account by such partners pro rata in accordance with their respective distributive shares of such partnership income for the partnership's taxable year and allocated to this state.

(b) Allocation of partnership nonbusiness income by partners other than residents. The respective shares of partners other than residents in the items of partnership income and deduction not taken into account in computing the business income of a partnership shall be taken into account by such partners pro rata in accordance with their respective distributive shares of such partnership income for the partnership's taxable year, and allocated as if such items had been paid, incurred or accrued directly to such partners in their separate capacities.

(c) Allocation or apportionment of business income by partnership. Business income of a partnership shall be apportioned to this state as provided in subpart D.

(9) (a) A partnership shall not be subject to the income tax imposed by this Title. Persons carrying on business as partners shall be liable for income tax only in their separate or individual capacities. The taxable income attributable to a taxpayer's interest in a partnership shall be computed in accordance with the provisions

of subchapter K of chapter 1 of the Internal Revenue Code, except as otherwise provided in this Title.

(b) Character of Items. Each item of partnership income, gain, loss, or deduction shall have the same character for a partner under this Title as it has for federal income tax purposes. Where an item is not characterized for federal income tax purposes, it shall have the same character for a partner as if realized directly for the source from which realized by the partnership or incurred in the same manner as incurred by the partnership.

(c) Tax Avoidance or Evasion. Where a partner's distributive share of an item of partnership income, gain, loss, or deduction is determined for federal income tax purposes by a special provision in the partnership agreement with respect to such item, and the principal purpose of such provision is the avoidance or evasion of tax under this Title, the partner's distributive share of such item and any modification required with respect thereto shall be determined in accordance with his distributive share of the taxable income or loss of the partnership generally (that is, exclusive of those items requiring separate computation under the provisions of section 702 of the Internal Revenue Code).

The terms "taxable income", "net income", or "income" as used in subpart D of this title and section 82A-34 shall mean "taxable income", "net income", or "income" as defined in this title prior to the application of any of the allocation or apportionment provisions of this title.

Sec. 14. Section 82A-22, chapter 141, Laws of 1973 1st ex. sess. and RCW (_____) are each amended to read as follows:

Sales Factor. The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in this state during the tax year and the denominator of which is the total sales of the taxpayer in all states ((in which the taxpayer is taxable for the tax year)).

"Sales", as used in this section means all gross receipts from:

- (1) Sales of tangible personal property;
- (2) Rentals of tangible personal property;
- (3) Sales of real property held for sale in the ordinary course of a taxpayer's trade or business;
- (4) Rentals of real property; and
- (5) Sales of services.

Sec. 15. Section 82A-26, chapter 141, Laws of 1973 1st ex. sess. and RCW (_____) are each amended to read as follows:

Interstate Transportation of Oil by Pipeline; Apportionment. In the case of taxable income derived from the transportation of oil by pipeline, taxable income attributable to Washington shall be that

portion of the taxable income of the taxpayer derived from the pipeline transportation of oil that the barrel miles transported in Washington bear to the barrel miles transported by the taxpayer in all the states in which the taxpayer is subject to tax.

Sec. 16. Section 82A-30, chapter 141, Laws of 1973 1st ex. sess. and RCW (___.___.___) are each amended to read as follows:

Exceptions. (a) If the apportionment provisions of this Title do not fairly represent the extent of the taxpayer's income attributable to this state, the taxpayer may petition for or the director may require, if reasonable:

(1) When the taxpayer carries on two or more businesses, a separate apportionment for each business;

(2) The exclusion of any one or more of the factors;

(3) The inclusion of one or more additional factors or the substitution of one or more factors; or

(4) The employment of any other method to effectuate an equitable apportionment of the taxpayer's income.

(b) If the apportionment provisions of this title in combination with the allocation and apportionment provisions of other states in which a corporation is required to pay an income tax results in the apportionment or allocation of more than one hundred percent of the corporation's taxable income for the same tax year, the director may make any adjustment to the apportionment provisions of this title he deems will fairly represent the corporation's income attributable to this state in light of the attribution rules of other states in which the taxpayer is required to pay an income tax for the same tax year.

Sec. 17. Section 82A-31, chapter 141, Laws of 1973 1st ex. sess. and RCW (___.___.___) are each amended to read as follows:

Exemptions. (1) A person who is exempt from federal income tax pursuant to the provisions of the Internal Revenue Code shall be exempt from the tax imposed by this Title except((:

(a) An organization included under sections 501(c) (12) and 501(c) (16) of the Internal Revenue Code;

(b)) the unrelated taxable business income of an exempt person as determined under the provisions of the Internal Revenue Code.

(2) This Title shall not apply to a regulated investment company or real estate investment trust as defined in the Internal Revenue Code, except to the extent that such company or trust has taxable income for federal tax purposes.

(3) Except as hereinafter provided the tax imposed by this title shall not apply to foreign or alien insurers subject to the premium tax, to the extent imposed by RCW 48.14.020, holding valid certificates of authority issued by the insurance commissioner of

this state: PROVIDED, That the provisions of this subsection shall not exempt any person engaging in the business of representing any insurer, whether as general or local agent, or acting as broker for one or more insurers.

(4) Nothing in this section shall exempt any person from the withholding and information return provisions of this Title.

Sec. 18. Section 82A-33, chapter 141, Laws of 1973 1st ex. sess. and RCW (_____) are each amended to read as follows:

(1) Credit-Individual, Estate or Trust. A resident individual, estate or trust, in the state of Washington shall be allowed a credit against the taxes imposed by this Title for net income taxes imposed by and paid or accrued to another state ~~((or to a foreign country or political subdivision thereof))~~ on income taxed under this Title, subject to the following conditions:

(a) The credit shall be allowed only for taxes imposed by such other state ~~((or country))~~ on net income from sources within such state ~~((or country))~~ and taxed under the laws thereof.

(b) The amount of such tax credit shall be the smaller of the following two amounts:

(i) the amount of tax actually paid; or

(ii) the product of the Washington tax times a fraction, the numerator of which is that portion of the taxpayer's adjusted gross income actually taxed by such other state ~~((or country))~~, and the denominator of which is the taxpayer's adjusted gross income as modified by the provisions of section 82A-4.

(c) If, in lieu of a credit, the laws of the state of residence contain a provision exempting a resident of this state from liability for the payment of income taxes on income earned for personal services performed in that state, then the director is authorized to enter into a reciprocal agreement with that state providing a similar tax exemption for its residents on income earned for personal services performed in this state.

~~((2) Credit-Nonresident Individual, Estate or Trust: (a) A nonresident individual, estate or trust shall be allowed a credit against but not in excess of the tax otherwise due under this Title for the amount of any income tax imposed on him for the taxable year by the state of residence on income from sources therein which is also subject to tax under this Title:~~

~~(b) The credit allowed by this subsection shall be allowable only if the laws of the state of residence contain a reciprocal provision which allows credits to residents of this state under similar circumstances:))~~

~~((3))~~ (2) No credit shall be allowed for any income tax paid to another state or on any income which has not been included in taxable income under this Title for the same tax year and in fact

subject to an income tax by this state and by another state.

Sec. 19. Section 82A-34, chapter 141, Laws of 1973 1st ex. sess. and RCW (_____) are each amended to read as follows:

Combined Reporting; Administrative Adjustments. (1) In the case of a corporation liable to report under this Title owning or controlling, either directly or indirectly, another corporation, or other corporations, except foreign corporations and in the case of a corporation liable to report under this Title and owned or controlled, either directly or indirectly, by another corporation, except foreign corporations the department may require a report showing the combined taxable income and apportionment factors of the controlled group except foreign corporations and other facts as it deems necessary. The department is authorized and empowered, in such manner as it may determine, to assess the tax against the corporations which are liable to report under this Title and whose taxable income is involved in the report upon the basis of the combined entire taxable income and apportionment factors of the controlled group except foreign corporations and other information as it may possess; or it may adjust the tax in such other information as it shall determine to be equitable if it determines such adjustment to be necessary in order to prevent evasion of taxes or to clearly reflect the taxable income earned by said corporations from business done in this state. Direct or indirect ownership or control of more than fifty percent of the voting stock of a corporation shall constitute ownership or control for purposes of this section.

(2) In the event a corporation is required or permitted by the department to report taxable income on the basis of the entire combined taxable income and apportionment factors of a controlled group: (i) The apportionment factors shall be the apportionment factors of the combined group after elimination of transactions between members of the combined group; (ii) combined entire taxable income of a controlled group shall be determined by excluding any items of income or expense resulting from transactions between members of the controlled group; and (iii) the corporation shall not be required or permitted to report taxable income in any other manner unless a change in circumstances clearly reflects that a combined report does not clearly reflect the taxable income of the corporation.

~~((2))~~ (3) In the case of a corporation subject to the tax imposed under this Title which computes its federal taxable income, as a common parent or as an affiliate, on a consolidated basis with one or more other corporations, the department may require a separate return computing taxable income as if separate returns had been filed for federal income tax returns and restoring intercompany transactions eliminated for purposes of computing federal taxable

income.

~~((3))~~ (4) In the case of two or more organizations, trades, or businesses (whether or not incorporated, whether or not organized in or having income from sources apportionable to this state, and whether or not affiliated) owned or controlled directly or indirectly by the same interests, the department may distribute, apportion or allocate income, deductions, credits or allowances between or among such organizations, trades, or businesses, if it determines that such distribution, apportionment, or allocation is necessary in order to prevent evasion of taxes or to clearly reflect the income of any of such organizations, trades, or businesses.

NEW SECTION. Sec. 20. There is added to chapter 141, Laws of 1973 1st ex. sess. and to chapter (__.__) RCW a new section to be numbered 82A-58A to read as follows:

Tax payments received during the period commencing from the end of a fiscal year through August tenth of the next fiscal year shall be treated for all purposes as having been collected during the previous fiscal year: PROVIDED, HOWEVER, That this section shall not be applicable to payments received during such period which represent amounts withheld from employee wages paid during any portion of such period.

NEW SECTION. Sec. 21. Notwithstanding any other provision of law, no excess levy authorized pursuant to chapter 84.52 RCW for operation and maintenance purposes shall be levied by or for any school district for 1973 for collection in 1974 until November 15, 1973: PROVIDED, That the provisions of this section shall not prevent any school district budget from being finalized prior to such date: PROVIDED FURTHER, That upon and after the approval by the electorate of the proposed amendment to Article 7 of the State Constitution by HJR 37 authorizing the imposition of a tax upon net income, no excess levy for operation and maintenance purposes shall be levied by or for any school district.

NEW SECTION. Sec. 22. An amount equal to the public utility tax imposed by chapter 82.16 and all similar excise or license taxes which now or hereafter are imposed by the state and which are measured by gross receipts or gross proceeds of sales ("utility taxes" herein), to the extent they are imposed on any public utility business on account of its service, may on the terms and conditions hereof, be added to the rates charged customers, and be collected from customers, as a separate identified charge: PROVIDED, HOWEVER, That if such state public utility tax is added as a separately identified charge, at that time such amount as may have heretofore been included as a part of rates charged customers shall be subtracted from such rates.

For purposes of this act:

(1) "Public utility business" means any "railroad business," "railroad car business," "water distribution business," "light and power business," "telephone and telegraph business," or "gas distribution business," as those terms are defined in chapter 82.16; and

(2) "Service" means any service or commodity provided by a public utility business (other than electricity, gas, or water provided to a customer for resale as such in the regular course of a public utility business) for a charge or fee, to the extent such charge or fee subjects such public utility business to any utility taxes.

NEW SECTION. Sec. 23. Separate identified charges equal to utility taxes shall not be charged to or collected from customers by any public utility business subject to the jurisdiction of the utilities and transportation commission until after notice to such commission and publication of such charges as provided by law, or until after such business shall have obtained approval therefor from such commission.

NEW SECTION. Sec. 24. Sections 22 and 23 of this act are added to chapter 15, Laws of 1961 and shall constitute a new chapter in Title 82 RCW.

NEW SECTION. Sec. 25. There is added to chapter 15, Laws of 1961, and to chapter 82.16 RCW a new section to read as follows:

The provisions of this chapter shall not apply to amounts collected by any public service business from customers as a separate identified charge for utility taxes as permitted by RCW.....(section 22 of SSB No. 2102).

NEW SECTION. Sec. 26. There is added to chapter 141, Laws of 1973 1st ex. sess. and to chapter (___) RCW a new section as follows:

Any resident individual tenant who rents a dwelling unit located in this state, upon which property taxes are levied, shall be allowed a credit against the tax imposed by this Title of twenty dollars for the calendar year 1974; fifteen dollars for the calendar year 1975; ten dollars for the calendar year 1976; and five dollars for the calendar year 1977: PROVIDED, That in the event that insufficient tax liability is incurred to fully utilize the tax credit provided herein there shall be a refund issued in the amount of the differential between the amount of credit actually used and the amount provided for.

In the event a dwelling unit is not rented by the tenant taxpayer for a full calendar year the credit shall be that percentage of the applicable credit that the period of time it is occupied by the tenant taxpayer as a dwelling unit bears to a full calendar year.

In the event a dwelling unit is rented by more than one tenant

taxpayer the tax credit shall be that percentage of the applicable credit that the rental payment by the tenant taxpayer bears to the total rental for the dwelling unit.

The term "dwelling unit" means the tenant taxpayer's principal place of abode during the period of time for which he claims a credit and which contains facilities for sleeping and preparation of meals.

NEW SECTION. Sec. 27. Section and subsection headings and captions as used in this act shall not constitute any part of the law.

NEW SECTION. Sec. 28. Effective Date. The provisions of this 1973 amendatory act except sections 3 and 21 of this 1973 amendatory act shall take effect on January 1, 1974 if the proposed amendment to Article 7 of the state Constitution by HJR 37 authorizing the legislature to impose a tax upon net income and to authorize property tax relief is validly submitted and is approved and ratified by the voters at a general election held in November, 1973. If such proposed amendment is not so submitted and approved and ratified, all provisions of this 1973 amendatory act except sections 3 and 21 of this 1973 amendatory act shall be null and void.

NEW SECTION. Sec. 29. Sections 3 and 21 of this 1973 amendatory act are necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the Senate September 15, 1973.

Passed the House September 15, 1973.

Approved by the Governor September 26, 1973 with the exception of certain items which are vetoed.

Filed in Office of Secretary of State September 27, 1973.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith without my approval as to certain items Engrossed Substitute Senate Bill No. 2102 entitled:

Veto
Message

"AN ACT Relating to revenue and taxation."

Action to perfect the tax reform implementing bill which would become effective in the event HJR 37 is approved by the voters in November headed the list of priority matters set forth in my Proclamation calling for the convening of the Second Extraordinary Session of the Legislature in September. The Legislature has responded with the enactment of Engrossed Substitute Senate Bill No. 2102, which makes a number of the changes and

clarifications needed to make the concept of tax reform acceptable to our citizens. Veto
Message

The amendatory changes to RCW 82.08.030 in Section 4 of the bill are for the purpose of advancing the date on which food and prescription drugs shall be exempt from the retail sales tax. Subsection 28 purports to clarify the definition of prescription drugs, but in so doing the Legislature has also expanded the definition of prescription drugs beyond the intent of the proponents of tax reform by including in such definition animal drugs prescribed by a veterinarian licensed under RCW Chapter 18.92. The exemption of prescription drugs for our citizens is a meritorious idea which accords a degree of equity in the area of our basic human needs. No such rationale, nor any other compelling reason, exists for exempting animal drugs from the sales tax. Accordingly I have vetoed those items.

In subsection 29 of Section 4, food products to be exempt from the retail sales tax after January 1, 1974, are defined in detail but exclude from the definition candy and confectionery. Many of the ingredients of candy and confectionery qualify as food products under the definition and continue to be exempt from the sales tax in baked form and in frozen form. Yet the same ingredients when put into the form of candy and confectionery would no longer be defined as food products and would therefore be subject to the sales tax. Moreover, candy is defined as a food in the Washington Food, Drug and Cosmetic Act, RCW Chapter 69.04, and is also classified by the United States Department of Commerce as a food. The exclusion of candy and confectionery from the definition of food products is inconsistent and illogical, and accordingly I have vetoed those items excluding candy and confectionery from the definition of food products.

Similar language including animal drugs in the definition of prescription drugs and excluding candy and confectionery from the definition of food products appears in Section 5, subsections 23 and 24. Section 5 advances the exemption of prescription drugs and food products from the state use tax to January 1, 1974. For the same reason as stated above, I have vetoed those items in subsection 23 which extend the definition of prescription drug to animal

drugs prescribed by a veterinarian, and those items in subsection 24 which exclude candy and confectionery from the definition of food products. Veto
Message

With the exceptions noted above, I have approved the remainder of Engrossed Substitute Senate Bill No. 2102."

CHAPTER 36

[Substitute Senate Bill No. 2377]

UNITED STATES CONGRESSIONAL ELECTIONS

AN ACT Relating to United States congressional elections; amending section 29.13.010, chapter 9, Laws of 1965 as last amended by section 1, chapter 4, Laws of 1973 and RCW 29.13.010; amending section 29.68.070, chapter 9, Laws of 1965 and RCW 29.68.070; amending section 29.68.080, chapter 9, Laws of 1965 and RCW 29.68.080; amending section 29.68.090, chapter 9, Laws of 1965 and RCW 29.68.090; amending section 29.68.100, chapter 9, Laws of 1965 and RCW 29.68.100; amending section 29.68.110, chapter 9, Laws of 1965 and RCW 29.68.110; and amending section 29.68.120, chapter 9, Laws of 1965 and RCW 29.68.120.

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

Section 1. Section 29.13.010, chapter 9, Laws of 1965 as last amended by section 1, chapter 4, Laws of 1973 and RCW 29.13.010 are each amended to read as follows:

All state, county, city, town, and district general elections for the election of federal, state, legislative, judicial, county, city, town, district, and precinct officers, and for the submission to the voters of the state of any measure for their adoption and approval or rejection, shall be held on the first Tuesday after the first Monday of November, in the year in which they may be called. A state-wide general election shall be held on the first Tuesday after the first Monday of November of each year: PROVIDED, That the state-wide general election held in odd-numbered years shall be limited to (1) city, town, and district general elections as provided for in RCW 29.13.020, or as otherwise provided by law; (2) the election of federal officers for the remainder of any unexpired terms in the membership of either branch of the congress of the United States; (3) the election of state and county officers for the remainder of any unexpired terms as provided for in Article II, section 15, Article III, section 10, and Article IV, sections 3 and 5 of the state Constitution and RCW 2.06.080; ((13)) (4) the election of county officers in any county governed by a charter containing provisions calling for general county elections at this time; and