

## CHAPTER 1

[House Bill No. 1229]

## REVENUE AND TAXATION

AN ACT Relating to revenue and taxation; amending section 82.12.010, chapter 15, Laws of 1961 as last amended by section 52, chapter 278, Laws of 1975 1st ex. sess. and RCW 82.12.010; amending section 82.12.020, chapter 15, Laws of 1961 as last amended by section 10, chapter 281, Laws of 1971 ex. sess. and RCW 82.12.020; amending section 4, chapter 90, Laws of 1975 1st ex. sess.; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Section 1. Section 82.12.010, chapter 15, Laws of 1961 as last amended by section 52, chapter 278, Laws of 1975 1st ex. sess. and RCW 82.12.010 are each amended to read as follows:

For the purposes of this chapter:

(1) "Value of the article used" shall mean the consideration, whether money, credit, rights, or other property, expressed in terms of money, paid or given or contracted to be paid or given by the purchaser to the seller for the article of tangible personal property, the use of which is taxable under this chapter. The term includes, in addition to the consideration paid or given or contracted to be paid or given, the amount of any tariff or duty paid with respect to the importation of the article used. In case the article used is acquired by lease or by gift or is extracted, produced, or manufactured by the person using the same or is sold under conditions wherein the purchase price does not represent the true value thereof, the value of the article used shall be determined as nearly as possible according to the retail selling price at place of use of similar products of like quality and character under such rules and regulations as the department of revenue may prescribe.

In case the articles used are acquired by bailment, the value of the use of the articles so used shall be in an amount representing a reasonable rental for the use of the articles so bailed, determined as nearly as possible according to the value of such use at the places of use of similar products of like quality and character under such rules and regulations as the department of revenue may prescribe((:)); PROVIDED, That in case any such articles of tangible personal property are used in respect to the construction, repairing, decorating, or improving of, and which become or are to become an ingredient or component of, new or existing buildings or other structures under, upon, or above real property of or for the United States, any instrumentality thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW, including the installing or attaching of any such articles therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation, then the value of the use of such articles so used shall be determined according to the retail selling price of such articles, or in the absence of such a selling price, as nearly as possible according to the retail selling price at place of use of similar products of like quality and character or, in the absence of either of these selling price measures, such value may be determined upon a cost basis, in any event under such rules and regulations as the department of revenue may prescribe.

In the case of articles manufactured or produced by the user and used in the manufacture or production of products sold or to be sold to the department of

defense of the United States, the value of the articles used shall be determined according to the value of the ingredients of such articles.

(2) "Use," "used," "using," or "put to use" shall have their ordinary meaning, and shall mean the first act within this state by which the taxpayer takes or assumes dominion or control over the article of tangible personal property (as a consumer), and include installation, storage, withdrawal from storage, or any other act preparatory to subsequent actual use or consumption within this state;

(3) "Taxpayer" and "purchaser" include all persons included within the meaning of the word "buyer" and the word "consumer" as defined in chapters 82.04 and 82.08 RCW;

(4) "Retailer" means every person engaged in the business of selling tangible personal property at retail and every person required to collect from purchasers the tax imposed under this chapter;

(5) The meaning ascribed to words and phrases in chapters 82.04 and 82.08 RCW, insofar as applicable, shall have full force and effect with respect to taxes imposed under the provisions of this chapter. "Consumer," in addition to the meaning ascribed to it in chapters 82.04 and 82.08 RCW insofar as applicable, shall also mean any person who distributes or displays, or causes to be distributed or displayed, any article of tangible personal property, except newspapers, the primary purpose of which is to promote the sale of products or services.

Sec. 2. Section 82.12.020, chapter 15, Laws of 1961 as last amended by section 10, chapter 281, Laws of 1971 ex. sess. and RCW 82.12.020 are each amended to read as follows:

There is hereby levied and there shall be collected from every person in this state a tax or excise for the privilege of using within this state as a consumer any article of tangible personal property purchased at retail, or acquired by lease, gift, repossession, or bailment, or extracted or produced or manufactured by the person so using the same, or otherwise furnished to a person engaged in any business taxable under RCW 82.04.280, subsections (2) or (7). This tax will not apply with respect to the use of any article of tangible personal property purchased, extracted, produced or manufactured outside this state until the transportation of such article has finally ended or until such article has become commingled with the general mass of property in this state. This tax shall apply to the use of every article of tangible personal property, including property acquired at a casual or isolated sale, and including byproducts used by the manufacturer thereof, except as hereinafter provided, irrespective of whether the article or similar articles are manufactured or are available for purchase within this state. Except as provided in subdivision (2) of RCW 82.12.030, payment by one purchaser or user of tangible personal property of the tax imposed by chapter 82.08 or 82.12 RCW shall not have the effect of exempting any other purchaser or user of the same property from the taxes imposed by such chapters. The tax shall be levied and collected in an amount equal to the value of the article used by the taxpayer multiplied by the rate of four and one-half percent.

Sec. 3. Section 4, chapter 90, Laws of 1975 1st ex. sess. is amended to read as follows:

In the event any person has entered into a contract prior to July 1, 1975 or has bid upon a contract prior to July 1, 1975 and has been awarded the contract after

July 1, 1975 (~~and would be required under the terms of the contract to bear the economic burden of the additional taxes imposed by this 1975 amendatory act~~), the additional taxes imposed by chapter 90, Laws of 1975 1st ex. sess., section 5, chapter 291, Laws of 1975 1st ex. sess. and this 1975 amendatory act shall not be required to be paid by such person in carrying on activities in the fulfillment of such contract.

NEW SECTION. Sec. 4. If any provision of this 1975 amendatory act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 5. This 1975 amendatory act is 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 House July 20, 1975.

Passed the Senate July 19, 1975.

Approved by the Governor July 25, 1975.

Filed in Office of Secretary of State July 25, 1975.

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## CHAPTER 2

[Engrossed Senate Bill No. 2971]

### APPROPRIATIONS—SCHOOL LEVY RELIEF—TRANSIT BONDS DEBT SERVICE

AN ACT Relating to appropriations; amending section 193, chapter 269, Laws of 1975 1st ex. sess. (uncodified); making appropriations; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

\*NEW SECTION. Section 1. There is hereby appropriated from the state general fund including amounts from motor vehicle excise taxes imposed pursuant to RCW 35.58.273 through 35.58.279 except those amounts which are obligated for bonds and the covenants thereof issued as of the effective date of this 1975 amendatory act to the superintendent of public instruction for the biennium ending June 30, 1977, for distribution appropriate to the purposes of this section during the 1975-76 school year to school districts as hereinafter in this section provided, the sum of sixty-five million dollars or so much thereof as may be necessary: **PROVIDED**, That not more than three and one-half million dollars of such amount shall be allocated to districts which have submitted but failed to authorize one or more excess levies for maintenance and operations in 1976 and with a relatively high percentage of urban, rural, racial, and disadvantaged children, to continue quality educational programs for the 1975-76 school year at approximately the same student-teacher ratio that existed during the 1974-75 school year for any such districts or schools within such districts.

Allocations under this section for special levy relief shall be made by the superintendent of public instruction to local school districts in accordance with the following procedure:

Those local school districts which have received authorization for collection of an excess levy in 1976 for maintenance and operations or which have submitted