

~~installed equipment) as established in the dealer's market)). The bank shall determine the amount, security, and repayment basis which it considers prudent for the loans. The loan shall be secured by a first mortgage on the real estate, except that no real estate mortgage need be obtained if provision satisfactory to the bank is made for removal of the mobile home or other housing in the event of default and realization on the security.~~

(4) In mobile home chattel paper which finances the acquisition of inventory by a mobile home dealer if the inventory is to be held for sale in the ordinary course of business by the mobile home dealer, the monetary obligation evidenced by such chattel paper is the obligation of the mobile home dealer and the amount thereof does not exceed the amount allowed to be loaned on such mobile homes under subsection (3) of this section.

Passed the House March 17, 1977.

Passed the Senate May 17, 1977.

Approved by the Governor May 28, 1977.

Filed in Office of Secretary of State May 28, 1977.

CHAPTER 105

[Second Substitute House Bill No. 24]

BUSINESS AND OCCUPATION TAX—DEDUCTIONS—MANUFACTURE OUTSIDE U.S.

AN ACT Relating to revenue and taxation; and amending section 82.04.430, chapter 15, Laws of 1961 as last amended by section 1, chapter 13, Laws of 1971 and RCW 82.04.430.

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

Section 1. Section 82.04.430, chapter 15, Laws of 1961 as last amended by section 1, chapter 13, Laws of 1971 and RCW 82.04.430 are each amended to read as follows:

In computing tax there may be deducted from the measure of tax the following items:

(1) Amounts derived by persons, other than those engaging in banking, loan, security, or other financial businesses, from investments or the use of money as such, and also amounts derived as dividends by a parent from its subsidiary corporations;

(2) Amounts derived from bona fide initiation fees, dues, contributions, donations, tuition fees, charges made for operation of privately operated kindergartens, and endowment funds. This paragraph shall not be construed to exempt any person, association, or society from tax liability upon selling tangible personal property or upon providing facilities or services for which a special charge is made to members or others. Dues which are for, or graduated upon, the amount of service rendered by the recipient thereof are not permitted as a deduction hereunder;

(3) The amount of cash discount actually taken by the purchaser. This deduction is not allowed in arriving at the taxable amount under the extractive or manufacturing classifications with respect to articles produced or manufactured, the reported values of which, for the purposes of this tax, have been computed according to the provisions of RCW 82.04.450;

(4) The amount of credit losses actually sustained by taxpayers whose regular books of account are kept upon an accrual basis;

(5) So much of the sale price of motor vehicle fuel as constitutes the amount of tax imposed by the state or the United States government upon the sale thereof;

(6) Amounts derived from business which the state is prohibited from taxing under the Constitution of this state or the Constitution or laws of the United States;

(7) Amounts derived by any person as compensation for the receiving, washing, sorting, and packing of fresh perishable horticultural products and the material and supplies used therein when performed for the person exempted in RCW 82.04.330, either as agent or as independent contractor;

(8) Amounts derived as compensation for services rendered or to be rendered to patients by a hospital, as defined in chapter 70.41 RCW, devoted to the care of human beings with respect to the prevention or treatment of disease, sickness, or suffering, when such hospital is operated by the United States or any of its instrumentalities, or by the state, or any of its political subdivisions;

(9) Amounts derived as compensation for services rendered to patients by a hospital, as defined in chapter 70.41 RCW, which is operated as a nonprofit corporation, nursing homes and homes for unwed mothers operated as religious or charitable organizations, but only if no part of the net earnings received by such an institution inures directly or indirectly, to any person other than the institution entitled to deduction hereunder. In no event shall any such deduction be allowed, unless the hospital building is entitled to exemption from taxation under the property tax laws of this state;

(10) Amounts derived by a political subdivision of the state of Washington from another political subdivision of the state of Washington as compensation for services which are within the purview of RCW 82.04.290;

(11) By those engaged in banking, loan, security or other financial businesses, amounts derived from interest received on investments or loans primarily secured by first mortgages or trust deeds on nontransient residential properties;

(12) By those engaged in banking, loan, security or other financial businesses, amounts derived from interest paid on all obligations of the state of Washington, its political subdivisions, and municipal corporations organized pursuant to the laws thereof;

(13) Amounts derived as interest on loans by a lending institution which is owned exclusively by its borrowers or members and which is engaged solely in the business of making loans for agricultural production;

(14) By persons subject to payment of the tax on manufacturers pursuant to RCW 82.04.240, the value of articles to the extent of manufacturing activities completed outside the United States, if

(a) any additional processing of such articles in this state consists of minor final assembly only, and

(b) in the case of domestic manufacture of such articles, can be and normally is done at the place of initial manufacture, and

(c) the total cost of the minor final assembly does not exceed two percent of the value of the articles, and

(d) the articles are sold and shipped outside the state.

Passed the House April 28, 1977.

Passed the Senate May 24, 1977.

Approved by the Governor May 28, 1977.

Filed in Office of Secretary of State May 28, 1977.

CHAPTER 106

[Engrossed Second Substitute Senate Bill No. 2104]

FISHING VESSELS—LICENSES AND PERMITS—LIMITATIONS

AN ACT Relating to fishing; amending section 2, chapter 184, Laws of 1974 ex. sess. and RCW 75.28.455; amending section 12, chapter 184, Laws of 1974 ex. sess. (uncodified); adding a new chapter to Title 75 RCW; creating new sections; repealing section 10, chapter 184, Laws of 1974 ex. sess. and RCW 75.28.485; providing expiration dates; and declaring an emergency.

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

NEW SECTION. Section 1. The legislature finds that the wise management and economic health of the state's salmon fishery are of continued importance to the people of the state and to the economy of the state as a whole. The legislature finds that charter boats licensed by the state for use by the state's charter boat fishing industry have increased in quantity. The legislature finds that limitations on the number of licensed charter boats will tend to improve the management of the charter boat fishery and the economic health of the charter boat industry. The state therefore must use its authority to regulate the number of licensed boats in use by the state's charter boat industry in a manner provided in this chapter so that management and economic health of the salmon fishery may be improved.

NEW SECTION. Sec. 2. For the purposes of sections 1 through 6 of this act, the term "charter boat" shall refer only to those charter boats from which salmon are taken. On and after the effective date of this act, the department shall initiate a moratorium on the issuance of charter boat licenses by issuing such licenses only to those boats whose owners can prove by means of good and sufficient documentary evidence that the boat was licensed pursuant to RCW 75.28.095 between January 1, 1974, and January 1, 1977. No charter boat shall be entitled to more than one charter boat license.

Such boats shall be entitled to receive and renew the charter boat license for each year during the period from the effective date of this 1977 amendatory act through December 31, 1980. A charter boat license for which no application is made to the department or which is not renewed in any year automatically expires and shall not be renewed further.

Nothing herein shall be construed to be contrary to the provisions of Title 75 RCW or any rule promulgated thereunder. All such charter boat licenses shall be transferable.

NEW SECTION. Sec. 3. In addition to the charter boat licenses issued pursuant to section 2 of this 1977 amendatory act, the department shall issue a charter boat license to any charter boat which was under construction or purchased in good faith between April 16, 1976, and the effective date of this 1977 amendatory act.