

the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the Senate March 26, 1959.

Passed the House March 26, 1959.

Approved by the Governor March 27, 1959.

CHAPTER 3.

[H. B. 1.]

EXCISE TAXES—BUSINESS AND OCCUPATION, SALES, USE, PUBLIC UTILITY, MOTOR VEHICLE.

AN ACT relating to revenue and taxation; amending section 5, chapter 389, Laws of 1955 and RCW 82.04.040; amending section 13, chapter 389, Laws of 1955 and RCW 82.04.120; amending section 20, chapter 389, Laws of 1955, as last amended by section 2, chapter 279, Laws of 1957, and RCW 82.04.190; amending section 48, chapter 389, Laws of 1955 and RCW 82.04.280; amending section 16, chapter 180, Laws of 1935, as last amended by section 2, chapter 10, Laws of 1955 first extraordinary session, and RCW 82.08-.020; amending section 19, chapter 180, Laws of 1935, as last amended by section 1, chapter 137, Laws of 1955, and RCW 82.08.030; amending section 25, chapter 180, Laws of 1935, as last amended by sections 3, 4, and 5, chapter 197, Laws of 1959 (Engrossed Senate Bill No. 88), and RCW 82.08.090 and 82.08.100; amending section 31, chapter 180, Laws of 1935, as last amended by section 3, chapter 10, Laws of 1955 first extraordinary session, and RCW 82.12-.020; amending section 32, chapter 180, Laws of 1935, as last amended by section 26, chapter 389, Laws of 1955, and RCW 82.12.030; amending section 11, chapter 178, Laws of 1941, as amended by sections 7, 8, and 9, chapter 197, Laws of 1959 (Engrossed Senate Bill No. 88), and RCW 82.12.060 and 82.12.070; amending section 37, chapter 180, Laws of 1935, as last amended by section 28, chapter 389, Laws of 1955, and RCW 82.16.010; amending section 36, chapter 180, Laws of 1935, as amended by section 19, chapter 225, Laws of 1939, and RCW 82.16.020; amending section 39, chapter 180, Laws of 1935 as amended by section 28, chapter 197, Laws of 1959 (Engrossed Senate Bill No. 88), and RCW 82.16.040; amending section 40, chapter 180, Laws of 1935, as last amended by section 11, chapter 228, Laws of 1949, and RCW 82.16.050; amending section 2, chapter 144, Laws of 1943, as last amended by section

10, chapter 261, Laws of 1957, and RCW 82.44.020; and declaring an emergency effective April 1, 1959.

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

RCW 82.04.040 amended.

SECTION 1. Section 5, chapter 389, Laws of 1955 and RCW 82.04.040 are each amended to read as follows:

B & O tax.
"Sale,"
"casual or isolated sale."

"Sale" means any transfer of the ownership of, title to, or possession of property for a valuable consideration and includes any activity classified as a "sale at retail" or "retail sale" under RCW 82.04.050. It includes renting or leasing, conditional sale contracts, leases with option to purchase, and any other contract under which possession of the property is given to the purchaser but title is retained by the vendor as security for the payment of the purchase price. It also includes the furnishing of food, drink, or meals for compensation whether consumed upon the premises or not.

"Casual or isolated sale" means a sale made by a person who is not engaged in the business of selling the type of property involved.

Note: See also section 1, chapter 5, Laws Ex. Sess., 1959.

RCW 82.04.120 amended.

SEC. 2. Section 13, chapter 389, Laws of 1955 and RCW 82.04.120 are each amended to read as follows:

"To manufacture."

"To manufacture" embraces all activities of a commercial or industrial nature wherein labor or skill is applied, by hand or machinery, to materials so that as a result thereof a new, different or useful substance or article of tangible personal property is produced for sale or commercial or industrial use, and shall include the production or fabrication of special made or custom made articles.

RCW 82.04.190 amended.

SEC. 3. Section 20, chapter 389, Laws of 1955, as last amended by section 2, chapter 279, Laws of 1957, and RCW 82.04.190 are each amended to read as follows:

“Consumer” means the following:

“Consumer.”

(1) Any person who purchases, acquires, owns, holds, or uses any article of tangible personal property other than for the purpose (a) of resale as tangible personal property in the regular course of business or (b) of incorporating such property as an ingredient or component of real or personal property when installing, repairing, cleaning, altering, imprinting, improving, constructing, or decorating such real or personal property of or for consumers or (c) of consuming such property in producing for sale a new article of tangible personal property or a new substance, of which such property becomes an ingredient or component or as a chemical used in processing, when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale;

(2) Any person engaged in any business activity taxable under RCW 82.04.290;

(3) Any person engaged in the business of contracting for the building, repairing or improving of any publicly owned street, place, road, highway, bridge or trestle which is used or to be used primarily for foot or vehicular traffic as defined in RCW 82.04.280, in respect, however, only to tangible personal property used or consumed in such business;

(4) Any person who is an owner, lessee or has the right of possession to or an easement in real or personal property which is being constructed, repaired, improved, cleaned, imprinted, or otherwise altered by a person engaged in business, excluding only the United States, the state, and its political subdivisions in respect to labor and services rendered to their real property which is used or held for public road purposes.

RCW 82.04.280 amended.

SEC. 4. Section 48, chapter 389, Laws of 1955 and RCW 82.04.280 are each amended to read as follows:

Tax on printers, publishers, highway contractors, cold storage warehouse operators.

Upon every person engaging within this state in the business of: (1) Printing, and of publishing newspapers, periodicals or magazines; (2) building, repairing or improving any publicly owned street, place, road, highway, bridge or trestle which is used, or to be used, primarily for foot or vehicular traffic including any readjustment, reconstruction or relocation of the facilities of any public, private or cooperatively owned utility or railroad in the course of such building, repairing or improving, the cost of which readjustment, reconstruction, or relocation, is the responsibility of the public authority whose street, place, road, highway, bridge or trestle is being built, repaired or improved; (3) extracting for hire or processing for hire; (4) operating a cold storage warehouse, but not including the rental of cold storage lockers; as to such persons, the amount of tax on such business shall be equal to the gross income of the business multiplied by the rate of one-quarter of one percent.

Note: See also section 4, chapter 5, Laws Ex. Sess., 1959.

RCW 82.08.020 amended.

SEC. 5. Section 16, chapter 180, Laws of 1935 as last amended by section 2, chapter 10, Laws of 1955 first extraordinary session, and RCW 82.08.020 are each amended to read as follows:

Retail sales tax. Imposed—Temporary rate.

There is levied and there shall be collected a tax on each retail sale in this state equal to three and one-third percent of the selling price: *Provided*, That from April 1, 1959 until July 1, 1961 the tax imposed by this section shall be equal to four percent of the selling price. The tax imposed under this chapter shall apply to successive retail sales of the same property and to the retail sale of intoxicating liquor by the Washington state liquor stores.

SEC. 6. Section 19, chapter 180, Laws of 1935 as last amended by section 1, chapter 137, Laws of 1955, and RCW 82.08.030 are each amended to read as follows:

RCW 82.08.030
amended.

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

(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),

Exemptions
(Retail sales
tax).

(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 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: *Provided*, That the purchaser 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 licenses pursuant to the provisions of RCW 46.16.100;

(13) Sales of motor vehicles and trailers to non-residents 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 licenses 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 of a length requiring coast guard registration, 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 tax commission 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 tax commission with the regular report and a duplicate to be retained by the dealer.

SEC. 7. Section 25, chapter 180, Laws of 1935 as last amended by sections 3, 4, and 5, chapter 197, Laws of 1959 (Engrossed Senate Bill No. 88) (heretofore divided and codified as RCW 82.08.090 and 82.08.100) are divided and amended as set forth in sections 8 and 9 of this act.

SEC. 8. (RCW 82.08.090) In the case of installment sales and leases of personal property, the commission, by regulation, may provide for the collection of taxes upon the installments of the purchase price, or amount of rental, as of the time the same fall due.

RCW 82.08.090
amended.
Installment
sales, option
leases.

SEC. 9. (RCW 82.08.100) The tax commission, by general regulation, may provide that a taxpayer whose regular books of account are kept on a cash receipts basis may file returns based upon his cash receipts for each reporting period and pay the tax herein provided upon such basis in lieu of reporting and paying the tax on all sales made during such period.

RCW 82.08.100
enacted
without
amendment.

SEC. 10. Section 31, chapter 180, Laws of 1935, as last amended by section 3, chapter 10, Laws of 1955 first extraordinary session, and RCW 82.12.020 are each amended to read as follows:

RCW 82.12.020
amended.

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, or bailment, or extracted or produced or manufactured by the person so using the same. 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 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

Use tax.
Imposed—
Temporary
rate.

levied and collected in an amount equal to the value of the article used by the taxpayer multiplied by the rate of three and one-third percent: *Provided*, That from April 1, 1959 until July 1, 1961 the tax levied in this section shall be in an amount equal to the value of the article used by the taxpayer multiplied by the rate of four percent.

RCW 82.12.030
amended.

SEC. 11. Section 32, chapter 180, Laws of 1935, as last amended by section 26, chapter 389, Laws of 1955, and RCW 82.12.030 are each amended to read as follows:

Exemptions
(Use tax).

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 non-resident 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 by such person in another state while a bona fide resident thereof and primarily for use outside this state and if such use was actual and substantial, but if an article was acquired less than three months prior to the time he entered this state, it will be presumed that the article was acquired for use in this state and that its use outside this state was not actual and substantial;

(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 tax under chapter 82.08 or 82.12 and such tax has been paid by the present user or by his bailor or donor;

(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 the holder of a carrier permit issued by the Interstate Commerce Commission of any motor vehicle or trailer used primarily 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 licenses 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;

(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;

Exemptions
(Use tax).

(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 and shall not be exempt, and the director of licenses 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 tax commission;

(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 regis-

tered in a nationally recognized breed association; sales of cattle and milk cows used on the farm;

(11) 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;

(12) In respect to the use of motor vehicles, equipped with dual controls, which are loaned to school districts and used by such districts exclusively in connection with their high school driver training program.

SEC. 12. Section 11, chapter 178, Laws of 1941 as amended by sections 7, 8, and 9, chapter 197, Laws of 1959 (Engrossed Senate Bill No. 88) (heretofore divided and codified as RCW 82.12.060 and 82.12.070) are divided and amended as set forth in sections 13 and 14 of this act.

SEC. 13. (RCW 82.12.060) In the case of installment sales and leases of personal property, the commission, by regulation, may provide for the collection of taxes upon the installments of the purchase price, or amount of rental, as of the time the same fall due.

RCW 82.12.060 amended. Installment sales—Option leases.

SEC. 14. (RCW 82.12.070) The tax commission, by general regulation, may provide that a taxpayer whose regular books of account are kept on a cash receipts basis may file returns based upon his cash receipts for each reporting period and pay the tax herein provided upon such basis in lieu of reporting and paying the tax on all sales made during such period.

RCW 82.12.070 enacted without amendment.

SEC. 15. Section 37, chapter 180, Laws of 1935, as last amended by section 28, chapter 389, Laws of 1955, and RCW 82.16.010 are each amended to read as follows:

RCW 82.16.010 amended.

Public utility
tax.
Definitions.
"Railroad
business."

For the purposes of this chapter, unless otherwise required by the context:

(1) "Railroad business" means the business of operating any railroad, by whatever power operated, for public use in the conveyance of persons or property for hire. It shall not, however, include any business herein defined as an urban transportation business;

"Express
business."

(2) "Express business" means the business of carrying property for public hire on the line of any common carrier operated in this state, when such common carrier is not owned or leased by the person engaging in such business;

"Railroad car
business."

(3) "Railroad car business" means the business of operating stock cars, furniture cars, refrigerator cars, fruit cars, poultry cars, tank cars, sleeping cars, parlor cars, buffet cars, tourist cars, or any other kinds of cars used for transportation of property or persons upon the line of any railroad operated in this state when such railroad is not owned or leased by the person engaging in such business;

"Water dis-
tribution
business."

(4) "Water distribution business" means the business of operating a plant or system for the distribution of water for hire or sale;

"Light and
power
business."

(5) "Light and power business" means the business of operating a plant or system for the generation, production or distribution of electrical energy for hire or sale;

"Telephone
business."

(6) "Telephone business" means the business of operating or managing any telephone line or part of a telephone line and exchange or exchanges used in the conduct of the business of affording telephonic communication for hire. It includes cooperative or farmer line telephone companies or associations operating an exchange;

"Telegraph
business."

(7) "Telegraph business" means the business of affording telegraphic communication for hire;

(8) "Gas distribution business" means the busi-

ness of operating a plant or system for the production or distribution for hire or sale of gas, whether manufactured or natural;

"Gas distribution business."

(9) "Highway transportation business" means the business (except urban transportation business) of operating any motor propelled vehicle by which persons or property of others are conveyed for hire, and includes, but is not limited to, the operation of any motor propelled vehicle as an auto transportation company (except urban transportation business), common carrier or contract carrier as defined by RCW 81.68.010 and 81.80.010;

"Highway transportation business."

(10) "Urban transportation business" means the business of operating any vehicle for public use in the conveyance of persons or property for hire, insofar as (a) operating entirely within the corporate limits of any city or town, or within five miles of the corporate limits thereof, or (b) operating entirely within and between cities and towns whose corporate limits are not more than five miles apart or within five miles of the corporate limits of either thereof. Included herein, but without limiting the scope hereof, is the business of operating passenger vehicles of every type and also the business of operating cartage, pickup, or delivery services, including in such services the collection and distribution of property arriving from or destined to a point within or without the state, whether or not such collection or distribution be made by the person performing a local or interstate line-haul of such property;

"Urban transportation business."

(11) "Public service business" means any of the businesses defined in subdivisions (1), (2), (3), (4), (5), (6), (7), (8), (9), and (10) or any business subject to control by the state, or having the powers of eminent domain and the duties incident thereto, or any business hereafter declared by the legislature to be of a public service nature. It includes, among

"Public service business."

others, without limiting the scope hereof: Airplane transportation, boom, dock, ferry, pipe line, public warehouse, toll bridge, toll logging road, water transportation and wharf businesses;

"Gross income."

(12) "Gross income" means the value proceeding or accruing from the performance of the particular public service or transportation business involved, including operations incidental thereto, but without any deduction on account of the cost of the commodity furnished or sold, the cost of materials used, labor costs, interest, discount, delivery costs, taxes, or any other expense whatsoever paid or accrued and without any deduction on account of losses;

Miscellaneous.

(13) The meaning attributed, in chapter 82.04, to the terms "tax year," "person," "value proceeding or accruing," "business," "engaging in business," "in this state," "within this state," "cash discount" and "successor" shall apply equally in the provisions of this chapter.

RCW 82.16.020 amended.

SEC. 16. Section 36, chapter 180, Laws of 1935 as amended by section 19, chapter 225, Laws of 1939, and RCW 82.16.020 are each amended to read as follows:

Public utility tax imposed.

There is levied and there shall be collected from every person a tax for the act or privilege of engaging within this state in any one or more of the businesses herein mentioned. The tax shall be equal to the gross income of the business, multiplied by the rate set out after the business, as follows:

(1) Railroad, express, railroad car, water distribution, light and power, telephone and telegraph businesses: Three percent: *Provided*, That a common carrier railroad operating as a plant facility to the extent of eighty percent or more of its business shall pay a tax of one-fourth of one percent on such eighty percent or more of its business and three percent on all other business;

- (2) Gas distribution business: Two percent;
- (3) Urban transportation business: One-half of one percent;
- (4) Vessels under sixty-five feet in length operating upon the waters within the state: One-half of one percent;
- (5) Highway transportation and all public service businesses other than ones mentioned above: One and one-half percent.

SEC. 17. Section 39, chapter 180, Laws of 1935 as amended by section 28, chapter 197, Laws of 1959 (Engrossed Senate Bill No. 88), and RCW 82.16.040 are each amended to read as follows:

RCW 82.16.040 amended.

The provisions of this chapter shall not apply to persons engaging in one or more businesses taxable under this chapter whose total gross income is less than five hundred dollars for a monthly period or portion thereof. Any person claiming exemption under this section may be required to file returns even though no tax may be due. If the total gross income for a taxable monthly period is five hundred dollars, or more, no exemption or deductions from the gross operating revenue is allowed by this provision.

Exemptions.

SEC. 18. Section 40, chapter 180, Laws of 1935, as last amended by section 11, chapter 228, Laws of 1949, and RCW 82.16.050 are each amended to read as follows:

RCW 82.16.050 amended.

In computing tax there may be deducted from the gross income the following items:

Deductions in computing tax.

- (1) Amounts derived by municipally owned or operated public service businesses, directly from taxes levied for the support or maintenance thereof: *Provided*, That this section shall not be construed to exempt service charges which are spread on the property tax rolls and collected as taxes;
- (2) Amounts derived from the sale of commodities to persons in the same public service business

Public utility
tax—Deductions in
computing.

as the seller, for resale as such within this state. This deduction is allowed only with respect to water distribution, light and power, gas distribution or other public service businesses which furnish water, electrical energy, gas or any other commodity in the performance of public service businesses;

(3) Amounts actually paid by a taxpayer to another person taxable under this chapter as the latter's portion of the consideration due for services furnished jointly by both, if the total amount has been credited to and appears in the gross income reported for tax by the former;

(4) The amount of cash discount actually taken by the purchaser or customer;

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

(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 from the distribution of water through an irrigation system, for irrigation purposes;

(8) Amounts derived from the transportation of commodities from points of origin in this state to final destination outside this state, or from points of origin outside this state to final destination in this state, with respect to which the carrier grants to the shipper the privilege of stopping the shipment in transit at some point in this state for the purpose of storing, manufacturing, milling, or other processing, and thereafter forwards the same commodity, or its equivalent, in the same or converted form, under a through freight rate from point of origin to final destination; and amounts derived from the transportation of commodities to an export elevator, wharf, dock or ship side on tidewater or navigable

tributaries thereto, from points of origin in the state, and thereafter forwarded by water carrier, in their original form, to interstate or foreign destinations: *Provided*, That no deduction will be allowed when the point of origin and the point of delivery to such an export elevator, wharf, dock, or ship side are located within the corporate limits of the same city or town.

SEC. 19. Section 2, chapter 144, Laws of 1943, as last amended by section 10, chapter 261, Laws of 1957, and RCW 82.44.020 are each amended to read as follows:...

RCW 82.44.020 amended.

An excise tax is imposed for the privilege of using in the state any motor vehicle, except those operated under dealer's licenses. The annual amount of such excise shall be two percent of the fair market value of such vehicle: *Provided*, That in no case shall the tax be less than one dollar: *Provided further*, That during the period of changeover to the staggered system of registration of those motor vehicles as defined in RCW 46.16.400 the excise tax may be computed and imposed for periods of less than one year sufficient to make the collection thereof coincide with the collection of license fees on such vehicles.

Basic tax imposed.

SEC. 20. If any provision of this 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.

Severability.

SEC. 21. This 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 April 1, 1959.

Emergency, effective date.

Passed the House March 23, 1959.

Passed the Senate March 20, 1959.

Approved by the Governor March 30, 1959.