

CHAPTER 149.

[Engrossed Senate Bill No. 255.]

REVENUE AND TAXATION.

AN ACT relating to revenue and taxation; amending section 3, chapter 19, Laws of 1951 second extraordinary session as amended by section 1, chapter 208, Laws of 1959 and RCW 28.45.035; amending section 1, chapter 11, Laws of 1951 first extraordinary session as last amended by section 2, chapter 171, Laws of 1965 extraordinary session and RCW 28.45.040; adding new sections to chapter 28.45 RCW; amending section 1, chapter 7, Laws of 1963 as amended by section 1, chapter 173, Laws of 1965 extraordinary session and RCW 82.04.050; amending section 82.04.130, chapter 15, Laws of 1961 and RCW 82.04.130; amending section 82.04.190, chapter 15, Laws of 1961 as amended by section 4, chapter 173, Laws of 1965 extraordinary session and RCW 82.04.190; amending section 82.04.230, chapter 15, Laws of 1961 and RCW 82.04.230; amending section 82.04.240, chapter 15, Laws of 1961 as amended by section 5, chapter 173, Laws of 1965 extraordinary session and RCW 82.04.240; amending section 82.04.250, chapter 15, Laws of 1961 and RCW 82.04.250; amending section 82.04.260, chapter 15, Laws of 1961 as amended by section 6, chapter 173, Laws of 1965 extraordinary session and RCW 82.04.260; amending section 82.04.270, chapter 15, Laws of 1961 and RCW 82.04.270; amending section 82.04.275, chapter 15, Laws of 1961 and RCW 82.04.275; amending section 82.04.280, chapter 15, Laws of 1961 as amended by section 1, chapter 168, Laws of 1963 and RCW 82.04.280; amending section 82.04.290, chapter 15, Laws of 1961 as amended by section 2, chapter 28, Laws of 1963 extraordinary session and RCW 82.04.290; amending section 82.04.410, chapter 15, Laws of 1961 and RCW 82.04.410; amending section 82.04.440, chapter 15, Laws of 1961 as amended by section 12, chapter 173, Laws of 1965 extraordinary session and RCW 82.04.440; adding a new section to chapter 15, Laws of 1961 and to chapter 82.04 RCW; amending section 82.08.010, chapter 15, Laws of 1961 as amended by section 1, chapter 244, Laws of 1963 and RCW 82.08.010; amending section 82.08.020, chapter 15, Laws of 1961 as last amended by section 13, chapter 173, Laws of 1965 extraordinary session and RCW 82.08.020; amending section 82.08.030, chapter 15, Laws of 1961 as last amended by section 1, chapter 87, Laws of 1967 and RCW 82.08.030; amending section 82.12.010, chapter 15, Laws of 1961 as last amended by section 17, chapter 173, Laws of 1965 extraordinary session and RCW 82.12.010;

amending section 82.12.020, chapter 15, Laws of 1961 as last amended by section 18, chapter 173, Laws of 1965 extraordinary session and RCW 82.12.020; amending section 82.12.030, chapter 15, Laws of 1961 as last amended by section 19, chapter 173, Laws of 1965 extraordinary session and RCW 82.12.030; amending section 82.16.020, chapter 15, Laws of 1961 as last amended by section 21, chapter 173, Laws of 1965 extraordinary session and RCW 82.16.020; amending section 82.16.050, chapter 15, Laws of 1961 as amended by section 22, chapter 173, Laws of 1965 extraordinary session and RCW 82.16.050; amending section 82.32.090, chapter 15, Laws of 1961 as last amended by section 3, chapter 141, Laws of 1965 extraordinary session and RCW 82.32.090; amending section 82.48.020, chapter 15, Laws of 1961 as amended by section 2, chapter 9, Laws of 1967 first extraordinary session and RCW 82.48.020; adding a new section to chapter 15, Laws of 1961, and to chapter 82.50 RCW; adding new sections to chapter 15, Laws of 1961 and to Title 82 RCW; amending section 83.44.010, chapter 15, Laws of 1961 and RCW 83.44.010; amending section 84.08.030, chapter 15, Laws of 1961 and RCW 84.08.030; amending section 84.36.010, chapter 15, Laws of 1961 and RCW 84.36.010; amending section 84.36.150, chapter 15, Laws of 1961 and RCW 84.36.150; amending section 3, chapter 168, Laws of 1961 as amended by section 13, chapter 28, Laws of 1963 extraordinary session and RCW 84.36.171; adding a new section to chapter 15, Laws of 1961 and to chapter 84.36 RCW; amending section 84.40.020, chapter 15, Laws of 1961 and RCW 84.40.020; amending section 84.40.040, chapter 15, Laws of 1961 and RCW 84.40.040; amending section 84.40.060, chapter 15, Laws of 1961 and RCW 84.40.060; amending section 84.40.130, chapter 15, Laws of 1961 and RCW 84.40.130; amending section 84.40.190, chapter 15, Laws of 1961 and RCW 84.40.190; amending section 6, chapter 24, Laws of 1961 extraordinary session and RCW 84.40.340; adding new sections to chapter 15, Laws of 1961 and to chapter 84.40 RCW; adding a new section to chapter 15, Laws of 1961 and to chapter 84.36 RCW; amending section 82.50.010, chapter 15, Laws of 1961 and RCW 82.50.010; amending section 82.50.020, chapter 15, Laws of 1961 and RCW 82.50.020; amending section 82.50.030, chapter 15, Laws of 1961 as last amended by section 29, chapter 173, Laws of 1965 extraordinary session and RCW 82.50.030; amending section 82.50.040, chapter 15, Laws of 1961 and RCW 82.50.040; amending section 82.50.050, chapter 15, Laws of 1961 and RCW 82.50.050; amending section 82.50.070, chapter 15, Laws of 1961 and RCW 82.50.070; amending section 82.50.101, chapter 15, Laws of 1961 and RCW 82.50.101;

amending section 82.50.105, chapter 15, Laws of 1961 as last amended by section 1, chapter 92, Laws of 1965 extraordinary session and RCW 82.50.105; amending section 82.50.110, chapter 15, Laws of 1961 as amended by section 2, chapter 92, Laws of 1965 extraordinary session and RCW 82.50.110; amending section 82.50.120, chapter 15, Laws of 1961 as amended by section 9, chapter 199, Laws of 1963 and RCW 82.50.120; amending section 82.50.130, chapter 15, Laws of 1961 and RCW 82.50.130; amending section 82.50.140, chapter 15, Laws of 1961 and RCW 82.50.140; amending section 82.50.180, chapter 15, Laws of 1961 and RCW 82.50.180; amending section 82.50.190, chapter 15, Laws of 1961 and RCW 82.50.190; amending section 82.50.200, chapter 15, Laws of 1961 and RCW 82.50.200; adding a new section to chapter 15, Laws of 1961 and to chapter 82.50 RCW; creating new sections; adding new sections to chapter 15, Laws of 1961 and to Title 82 RCW; repealing section 82.04.295, chapter 15, Laws of 1961 and RCW 82.04.295; repealing section 82.04.296, chapter 15, Laws of 1961, section 2, chapter 293, Laws of 1961, and RCW 82.04.296; repealing section 82.16.025, chapter 15, Laws of 1961 and RCW 82.16.025; repealing section 82.16.026, chapter 15, Laws of 1961 and RCW 82.16.026; repealing section 84.40.050, chapter 15, Laws of 1961 and RCW 84.40.050; repealing section 84.40.140, chapter 15, Laws of 1961 and RCW 84.40.140; repealing section 84.40.180, chapter 15, Laws of 1961 and RCW 84.40.180; repealing section 84.40.260, chapter 15, Laws of 1961 and RCW 84.40.260; prescribing penalties; declaring an emergency; and prescribing an effective date.

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

Section 1. Section 3, chapter 19, Laws of 1951 second extraordinary session as amended by section 1, chapter 208, Laws of 1959 and RCW 28.45.035 are each amended to read as follows:

RCW 28.45.035 amended.

The state department of revenue shall provide by rule for the determination of the selling price in the case of leases with option to purchase, and shall further provide that the tax shall not be payable, where inequity will otherwise result, until and unless the option is exercised and accepted. A conditional sale of mining property in which the buyer has the right to terminate the contract at any time,

Excise tax on real estate sales—Determining selling price.

Excise tax on
real estate
sales—Deter-
mining selling
price.

and a lease and option to buy mining property in which the lessee-buyer has the right to terminate the lease and option at any time, shall be taxable at the time of execution only on the consideration received by the seller or lessor for execution of such contract, but the rule shall further provide that the tax due on any additional consideration paid by the buyer and received by the seller shall be paid to the county treasurer (1) at the time of termination, or (2) at the time that all of the consideration due to the seller has been paid and the transaction is completed except for the delivery of the deed to the buyer, or (3) at the time when the buyer unequivocally exercises an option to purchase the property, whichever of the three events occurs first.

The term "mining property" means property containing or believed to contain metallic minerals and sold or leased under terms which require the purchaser or lessor to conduct exploration or mining work thereon and for no other use. The term "metallic minerals" does not include clays, coal, sand and gravel, peat, gypsite, or stone, including limestone.

The state department of revenue shall further provide by rule for cases where the selling price is not separately stated or is not ascertainable at the time of sale, for the payment of the tax at a time when the selling price is ascertained, in which case suitable security may be required for payment of the tax, and may further provide for the determination of the selling price by an appraisal by the county assessor, based on the full and true market value, which appraisal shall be prima facie evidence of the selling price of the real property.

RCW 28.45.040
amended.

Sec. 2. Section 1, chapter 11, Laws of 1951 first extraordinary session as last amended by section 2, chapter 171, Laws of 1965 extraordinary session and RCW 28.45.040 are each amended to read as follows:

It shall be the duty of the board of county commissioners of each county to pay to each school district a sum equal to seventeen cents per day for each weighted student enrolled, based upon a full school year of one hundred eighty days. The year during which the payments herein required are to be made shall be from the first day of May to the last day of April, inclusive: *Provided*, That in the event a county levies a tax of not less than one percent on the sales of real estate in the county as permitted and provided for in this chapter and assigns the entire proceeds of one percent or so much as necessary to make the above payment to the county school fund for distribution to the various school districts, there shall be no further liability upon the county for this purpose.

Funds for schools—Excise tax on real estate authorized.

Sec. 3. There is added to chapter 28.45 RCW a new section to read as follows:

New section.

The department of revenue is authorized and directed to prescribe minimum standards for uniformity in reporting, application, and collection of the real estate excise tax imposed by this chapter.

Real estate tax—Standards for uniformity.

Sec. 4. Section 1, chapter 7, Laws of 1963 as amended by section 1, chapter 173, Laws of 1965 extraordinary session, and RCW 82.04.050 are each amended to read as follows:

RCW 82.04.050 amended.

“Sale at retail” or “retail sale” means every sale of tangible personal property (including articles produced, fabricated, or imprinted) to all persons irrespective of the nature of their business and including, among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for consumers other than a sale to a person who (a) purchases for the purpose of resale as tangible personal property in the regular course of business without intervening use by such person,

Business and occupation tax—Sales at retail defined.

Business and
occupation
tax—Sales at
retail defined.

or (b) installs, repairs, cleans, alters, imprints, improves, constructs, or decorates real or personal property of or for consumers, if such tangible personal property becomes an ingredient or component of such real or personal property without intervening use by such person, or (c) purchases for the purpose of consuming the property purchased in producing for sale a new article of tangible personal property or substance, of which such property becomes an ingredient or component or is 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. The term shall include every sale of tangible personal property which is used or consumed or to be used or consumed in the performance of any activity classified as a "sale at retail" or "retail sale" even though such property is resold or utilized as provided in (a), (b), or (c) above following such use. The term also means every sale of tangible personal property to persons engaged in any business which is taxable under RCW 82.04.280, subsection (2), and 82.04.290.

The term "sale at retail" or "retail sale" shall include the sale of or charge made for tangible personal property consumed and/or for labor and services rendered in respect to the following: (a) The installing, repairing, cleaning, altering, imprinting, or improving of tangible personal property of or for consumers, including charges made for the mere use of facilities in respect thereto, but excluding charges made for the use of coin operated laundry facilities when such facilities are situated in an apartment house, hotel, motel, rooming house, trailer camp or tourist camp for the exclusive use of the tenants thereof, and excluding services rendered in respect to live animals, birds and insects; (b) the constructing, repairing, decorating, or improving of new or

existing buildings or other structures under, upon, or above real property of or for consumers, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation, and shall also include the sale of services or charges made for the clearing of land and the moving of earth excepting the mere leveling of land used in commercial farming or agriculture; (c) the sale of or charge made for labor and services rendered in respect to the cleaning, fumigating, razing or moving of existing buildings or structures, but shall not include the charge made for janitorial services; (d) the sale of or charge made for labor and services rendered in respect to automobile towing and similar automotive transportation services, but not in respect to those required to report and pay taxes under chapter 82.16; (e) the sale of and charge made for the furnishing of lodging and all other services by a hotel, rooming house, tourist court, motel, trailer camp, and the granting of any similar license to use real property, as distinguished from the renting or leasing of real property, and it shall be presumed that the occupancy of real property for a continuous period of one month or more constitutes a rental or lease of real property and not a mere license to use or enjoy the same; (f) the sale of or charge made for tangible personal property, labor and services to persons taxable under (a), (b), (c), (d), and (e) above when such sales or charges are for property, labor and services which are used or consumed in whole or in part by such persons in the performance of any activity defined as a "sale at retail" or "retail sale" even though such property, labor and services may be resold after such use or consumption. Nothing contained in this paragraph shall be construed to modify the first paragraph of this section and

Business and
occupation
tax—Sales at
retail defined.

nothing contained in the first paragraph of this section shall be construed to modify this paragraph.

The term "sale at retail" or "retail sale" shall include the sale of or charge made for personal business or professional services, including amounts designated as interest, rents, fees, admission, and other service emoluments however designated, received by persons engaging in the following business activities: (a) amusement and recreation businesses including but not limited to golf, pool, billiards, skating, bowling, ski lifts and tows and others; (b) abstract, title insurance and escrow businesses; (c) credit bureau businesses; (d) automobile parking and storage garage businesses.

The term shall also include the renting or leasing of tangible personal property to consumers.

The term shall not include the sale of or charge made for labor and services rendered in respect to 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, nor shall it include sales of feed, seed, fertilizer, and spray materials to persons for the purpose of producing for sale any agricultural product whatsoever, including milk, eggs, wool, fur, meat, honey, or other substances obtained from animals, birds, or insects but only when such production and subsequent sale are exempt from tax under RCW 82.04.330, nor shall it include sales of chemical sprays or washes to persons for the purpose of post-harvest treatment of fruit for the prevention of scald, fungus, mold, or decay.

RCW 82.04.130
amended.

Sec. 5. Section 82.04.130, chapter 15, Laws of 1961 and RCW 82.04.130 are each amended to read as follows:

"Commercial or industrial use" means the fol-

lowing uses of products, including byproducts, by the extractor or manufacturer thereof:

"Commercial or industrial" use defined.

- (1) Any use as a consumer; and
- (2) The manufacturing of articles, substances or commodities.

Sec. 6. Section 82.04.190, chapter 15, Laws of 1961 as amended by section 4, chapter 173, Laws of 1965 extraordinary session and RCW 82.04.190 are each amended to read as follows:

RCW 82.04.190 amended.

"Consumer" means the following:

- (1) Any person who purchases, acquires, owns, holds, or uses any article of tangible personal property irrespective of the nature of his business and including, among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for consumers 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;

Business and occupation tax — "Consumer" defined.

- (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

Business and occupation tax — "Consumer" defined.

82.04.280, in respect to tangible personal property when such person incorporates such property as an ingredient or component of such publicly owned street, place, road, highway, bridge or trestle by installing, placing or spreading the property in or upon the right of way of such street, place, road, highway, bridge or trestle;

(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. Nothing contained in this or any other subsection of this definition shall be construed to modify any other definition of "consumer".

RCW 82.04.230 amended.

Sec. 7. Section 82.04.230, chapter 15, Laws of 1961 and RCW 82.04.230 are each amended to read as follows:

Business and occupation tax — Extractors — Rate of tax.

Upon every person engaging within this state in business as an extractor; as to such persons the amount of the tax with respect to such business shall be equal to the value of the products, including byproducts, extracted for sale or for commercial or industrial use, multiplied by the rate of forty-four one-hundredths of one percent;

The measure of the tax is the value of the products, including byproducts, so extracted, regardless of the place of sale or the fact that deliveries may be made to points outside the state.

RCW 82.04.240 amended.

Sec. 8. Section 82.04.240, chapter 15, Laws of 1961 as amended by section 5, chapter 173, Laws of 1965 extraordinary session and RCW 82.04.240 are each amended to read as follows:

Upon every person except persons taxable under

subsections (2), (3), (4), (5), (6), or (8) of RCW 82.04.260 engaging within this state in business as a manufacturer; as to such persons the amount of the tax with respect to such business shall be equal to the value of the products, including byproducts, manufactured, multiplied by the rate of forty-four one-hundredths of one percent.

Business and occupation tax
—Tax rate on manufacturers.

The measure of the tax is the value of the products, including byproducts, so manufactured regardless of the place of sale or the fact that deliveries may be made to points outside the state.

Sec. 9. Section 82.04.250, chapter 15, Laws of 1961 and RCW 82.04.250 are each amended to read as follows:

RCW 82.04.250 amended.

Upon every person engaging within this state in the business of making sales at retail, as to such persons, the amount of tax with respect to such business shall be equal to the gross proceeds of sales of the business, multiplied by the rate of forty-four one-hundredths of one percent.

Business and occupation tax
—Tax on retailers.

Sec. 10. Section 82.04.260, chapter 15, Laws of 1961 as amended by section 6, chapter 173, Laws of 1965 extraordinary session and RCW 82.04.260 are each amended to read as follows:

RCW 82.04.260 amended.

(1) Upon every person engaging within this state in the business of buying wheat, oats, dry peas, corn, and barley, but not including any manufactured or processed products thereof, and selling the same at wholesale; the tax imposed shall be equal to the gross proceeds derived from such sales multiplied by the rate of one one-hundredth of one percent.

Business and occupation tax
—Tax on buyer and seller of grains and dry peas—Processors and splitters of dried peas—Flour manufacturers—Seafood products manufacturers—Fruit and vegetable processors—Aluminum manufacturers—Meat processors and slaughterers and research and development organizations—Rate of tax.

(2) Upon every person engaging within this state in the business of manufacturing wheat into flour; as to such persons the amount of tax with respect to such business shall be equal to the value of the flour manufactured, multiplied by the rate of one-eighth of one percent.

Business and occupation tax
 —Tax on buyer and seller of grains and dry peas—Processors and splitters of dried peas—Flour manufacturers—Seafood products manufacturers—Fruit and vegetable processors—Aluminum manufacturers—Meat processors and slaughterers and research and development organizations—Rate of tax.

(3) Upon every person engaging within this state in the business of splitting or processing dried peas; as to such persons the amount of tax with respect to such business shall be equal to the value of the peas split or processed, multiplied by the rate of one-quarter of one percent.

(4) Upon every person engaging within this state in the business of manufacturing seafood products which remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing by that person; as to such persons the amount of tax with respect to such business shall be equal to the value of the products manufactured, multiplied by the rate of one-eighth of one percent.

(5) Upon every person engaging within this state in the business of manufacturing by canning, preserving, freezing or dehydrating fresh fruits and vegetables; as to such persons the amount of tax with respect to such business shall be equal to the value of the products canned, preserved, frozen or dehydrated multiplied by the rate of three-tenths of one percent.

(6) Upon every person engaging within this state in the business of manufacturing aluminum pig, ingot, billet, plate, sheet (flat or coiled), rod, bar, wire, cable or extrusions; as to such persons the amount of the tax with respect to such business shall be equal to the value of the products manufactured multiplied by the rate of four-tenths of one percent.

(7) Upon every nonprofit corporation and nonprofit association engaging within this state in research and development, as to such corporations and associations, the amount of tax with respect to such activities shall be equal to the gross income derived from such activities multiplied by the rate of forty-four one-hundredths of one percent.

(8) Upon every person engaging within this

state in the business of slaughtering, breaking and/or processing perishable meat products and/or selling the same at wholesale; as to such persons the tax imposed shall be equal to the gross proceeds derived from such sales multiplied by the rate of thirty-three one-hundredths of one percent.

Sec. 11. Section 82.04.270, chapter 15, Laws of 1961 and RCW 82.04.270 are each amended to read as follows:

RCW 82.04.270 amended.

(1) Upon every person except persons taxable under subsection (1) of RCW 82.04.260 engaging within this state in the business of making sales at wholesale; as to such persons the amount of tax with respect to such business shall be equal to the gross proceeds of sales of such business multiplied by the rate of forty-four one-hundredths of one percent.

Business and occupation tax —Wholesalers and distributors.

(2) The tax imposed by this section is levied and shall be collected from every person engaged in the business of distributing in this state articles of tangible personal property, owned by them from their own warehouse or other central location in this state to two or more of their own retail stores or outlets, where no change of title or ownership occurs, the intent hereof being to impose a tax equal to the wholesaler's tax upon persons performing functions essentially comparable to those of a wholesaler, but not actually making sales: *Provided*, That the tax designated in this section may not be assessed twice to the same person for the same article. The amount of the tax as to such persons shall be computed by multiplying forty-four one-hundredths of one percent of the value of the article so distributed as of the time of such distribution: *Provided*, That persons engaged in the activities described in this subsection shall not be liable for the tax imposed if by proper invoice it can be shown that they have purchased such property from a wholesaler who has

Business and occupation tax
—Wholesalers and distributors.

paid a business and occupation tax to the state upon the same articles. This proviso shall not apply to purchases from manufacturers as defined in RCW 82.04.110. The department of revenue shall prescribe uniform and equitable rules for the purpose of ascertaining such value, which value shall correspond as nearly as possible to the gross proceeds from sales at wholesale in this state of similar articles of like quality and character, and in similar quantities by other taxpayers: *Provided further*, That delivery trucks or vans will not under the purposes of this section be considered to be retail stores or outlets.

RCW 82.04.275 amended.

Sec. 12. Section 82.04.275, chapter 15, Laws of 1961 and RCW 82.04.275 are each amended to read as follows:

Business and occupation tax
—Certain wholesale sales of cigarettes—
Tax rate.

Upon every person engaging within this state in the business of wholesale sales of manufacturer's stock of cigarettes warehoused in this state by the manufacturer and sold by him at wholesale in this state; as to such persons the amount of tax with respect to such business shall be equal to the gross proceeds of sales of such business multiplied by the rate of one hundred seventy-six one-thousandths of one percent.

Persons and activities taxed under this section shall not be liable for the wholesaling tax under the provisions of RCW 82.04.270.

RCW 82.04.280 amended.

Sec. 13. Section 82.04.280, chapter 15, Laws of 1961 as amended by section 1, chapter 168, Laws of 1963 and RCW 82.04.280 are each amended to read as follows:

Business and occupation tax on printers, publishers, highway contractors, extracting or processing for hire, cold storage warehouse operation, insurance general agent

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 relo-

cation 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; (5) representing and performing services for fire or casualty insurance companies as an independent resident managing general agent licensed under the provisions of RCW 48.05.310; (6) radio and television broadcasting, excluding network, national and regional advertising computed as a standard deduction based on the national average thereof as annually reported by the Federal Communications Commission, or in lieu thereof by itemization by the individual broadcasting station, and excluding that portion of revenue represented by the out-of-state audience computed as a ratio to the station's total audience as measured by the 100 micro-volt signal strength and delivery by wire, if any; 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 forty-four one-hundredths of one percent.

Radio and television broadcasting.

Sec. 14. Section 82.04.290, chapter 15, Laws of 1961 as amended by section 2, chapter 28, Laws of 1963 extraordinary session and RCW 82.04.290 are each amended to read as follows:

RCW 82.04.290 amended.

Upon every person engaging within this state in any business activity other than or in addition to those enumerated in RCW 82.04.230, 82.04.240, 82.04.250, 82.04.260, 82.04.270, 82.04.275 and 82.04.280; as to such persons the amount of tax on account of such activities shall be equal to the gross income of the business multiplied by the rate of one

Business and occupation tax rate—Other business and service activities.

Business and
occupation tax
rate—Other
business and
service
activities.

percent. This section includes, among others, and without limiting the scope hereof (whether or not title to materials used in the performance of such business passes to another by accession, confusion or other than by outright sale), persons engaged in the business of rendering any type of service which does not constitute a "sale at retail" or a "sale at wholesale." The value of advertising, demonstration, and promotional supplies and materials furnished to an agent by his principal or supplier to be used for informational, educational and promotional purposes shall not be considered a part of the agent's remuneration or commission and shall not be subject to taxation under this section.

RCW 82.04.410
amended.

Sec. 15. Section 82.04.410, chapter 15, Laws of 1961 and RCW 82.04.410 are each amended to read as follows:

Exemptions—
Poultry and
egg products.

This chapter shall not apply to amounts derived by persons engaged in the production and sale of hatching eggs or poultry for use in the production for sale of poultry or poultry products.

RCW 82.04.440
amended.

Sec. 16. Section 82.04.440, chapter 15, Laws of 1961 as amended by section 12, chapter 173, Laws of 1965 extraordinary session and RCW 82.04.440 are each amended to read as follows:

Business and
occupation
taxes—Multi-
ple activities.

Every person engaged in activities which are within the purview of the provisions of two or more of sections RCW 82.04.230 to 82.04.290, inclusive, shall be taxable under each paragraph applicable to the activities engaged in: *Provided*, That persons taxable under RCW 82.04.250 or 82.04.270 shall not be taxable under RCW 82.04.230, 82.04.240 or subsection (2), (3), (4), (5), (6), or (8) of RCW 82.04.260 with respect to extracting or manufacturing of the products so sold, and that persons taxable under RCW 82.04.240 or RCW 82.04.260 subsection (4) shall not be taxable under RCW 82.04.230 with

respect to extracting the ingredients of the products so manufactured.

Sec. 17. There is added to chapter 15, Laws of 1961 and to chapter 82.04 RCW a new section to read as follows: New section.

In computing the tax imposed by this chapter, municipal sewerage utilities and other public corporations imposing and collecting fees or charges for sewer service may deduct from the measure of the tax, amounts paid to another municipal corporation or governmental agency for sewerage interception, treatment or disposal. Business and occupation taxes—Municipal sewerage services—Credits.

Sec. 18. Section 82.08.010, chapter 15, Laws of 1961 as amended by section 1, chapter 244, Laws of 1963 and RCW 82.08.010 are each amended to read as follows: RCW 82.08.010 amended.

For the purposes of this chapter:

(1) "Selling price" means the consideration, whether money, credits, rights, or other property, expressed in the terms of money paid or delivered by a buyer to a seller, all without any deduction on account of the cost of tangible property sold, the cost of materials used, labor costs, interest, discount, delivery costs, taxes, or any other expenses whatsoever paid or accrued and without any deduction on account of losses; but shall not include the amount of cash discount actually taken by a buyer; and shall be subject to modification to the extent modification is provided for in RCW 82.08.080. Retail sales tax—Definitions.

When tangible personal property is rented or leased under circumstances that the consideration paid does not represent a reasonable rental for the use of the articles so rented or leased, the "selling price" shall be 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

Retail sales
tax—Defini-
tions.

under such rules as the department of revenue may prescribe;

(2) "Seller" means every person making sales at retail or retail sales to a buyer or consumer, whether as agent, broker, or principal;

(3) "Buyer" and "consumer" include, without limiting the scope hereof, every individual, receiver, assignee, trustee in bankruptcy, trust, estate, firm, copartnership, joint venture, club, company, joint stock company, business trust, corporation, association, society, or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, non-profit, or otherwise, municipal corporation, quasi municipal corporation, and also the state, its departments and institutions and all political subdivisions thereof, irrespective of the nature of the activities engaged in or functions performed, and also the United States or any instrumentality thereof;

(4) The meaning attributed in chapter 82.04 to the terms "tax year," "taxable year," "person," "company," "sale," "sale at retail," "retail sale," "sale at wholesale," "wholesale," "business," "engaging in business," "cash discount," "successor," "consumer," "in this state" and "within this state" shall apply equally to the provisions of this chapter.

RCW 82.08.020
amended.

Sec. 19. Section 82.08.020, chapter 15, Laws of 1961 as last amended by section 13, chapter 173, Laws of 1965 extraordinary session and RCW 82.08.020 are each amended to read as follows:

Retail sales tax
—Rate.

There is levied and there shall be collected a tax on each retail sale in this state equal to four and one-half 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.

RCW 82.08.030
amended.

Sec. 20. Section 82.08.030, chapter 15, Laws of 1961 as last amended by section 1, chapter 87, Laws

of 1967 and RCW 82.08.030 are each amended to read as follows:

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

Retail sales
tax—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), (4), (5), (6), (7), (8), (9), (10) or (11) of RCW 82.16.010;

(7) Auction sales made by or through auction-

Retail sales
tax—Exemp-
tions.

eers 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 authoriz-

ing 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 motor vehicles 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 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

Retail sales
tax—Exemptions.

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**

Retail sales
tax—Exemptions.

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.

Note: See also section 1, chapter 87, Laws of 1967.

Sec. 21. Section 82.12.010, chapter 15, Laws of 1961 as last amended by section 17, chapter 173, Laws of 1965 extraordinary session and RCW 82.12.010 are each amended to read as follows:

RCW 82.12.010
amended.

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

Use tax—
Definitions.

Use tax—
Definitions.

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 tax commission 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 tax commission 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;*

(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, 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 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.*

**Words in italics vetoed by Governor.*

NOTE: The above section was amended by the Legislature but such action was nullified by the Governor's veto of this section. See page 2436 for Governor's explanation.

Sec. 22. Section 82.12.020, chapter 15, Laws of 1961 as last amended by section 18, chapter 173, Laws of 1965 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, repossession, 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

Use tax
imposed—
Rate of tax.

Use tax
imposed—
Rate of tax.

used by the manufacturer thereof, except as herein-after 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 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.

RCW 82.12.030
amended.

Sec. 23. Section 82.12.030, chapter 15, Laws of 1961 as last amended by section 19, chapter 173, Laws of 1965 extraordinary session and RCW 82.12.030 are each amended to read as follows:

Use tax—
Exemptions.

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 ac-

quired 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 the holder of a carrier permit issued by the Interstate Commerce Commission of any motor vehicle or trailer 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 author-

Use tax—
Exemptions.

ity 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;

(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

Use tax—
Exemptions.

(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 pollen.

Sec. 24. Section 82.16.020, chapter 15, Laws of 1961 as last amended by section 21, chapter 173, Laws of 1965 extraordinary session and RCW 82.16.020 are each amended to read as follows:

RCW 82.16.020
amended.

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:

Public utility
tax imposed—
Rate of tax.

(1) Railroad, express, railroad car, water distribution, light and power, telephone and telegraph businesses: Three and six-tenths percent;

(2) Gas distribution business: Two and four-tenths percent;

(3) Urban transportation business: Six-tenths of one percent;

(4) Vessels under sixty-five feet in length, except tugboats, operating upon the waters within the state: Six-tenths of one percent;

Taxation.

(5) Motor transportation and tugboat businesses and all public service businesses other than ones mentioned above: One and eight-tenths of one per cent.

RCW 82.16.050 amended.

Sec. 25. Section 82.16.050, chapter 15, Laws of 1961 as amended by section 22, chapter 173, Laws of 1965 extraordinary session and RCW 82.16.050 are each amended to read as follows:

Public utility tax—
Deductions in computing tax.

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

(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 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 Constitu-

tion 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 from points of origin in the state to an export elevator, wharf, dock or ship side on tidewater or navigable tributaries thereto from which such commodities are forwarded, without intervening transportation, by vessel, 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;

(9) Amounts derived from the production, sale, or transfer of electrical energy for resale or consumption outside the state if the production or generation of such energy is subject to tax under the manufacturing classification of chapter 82.04 RCW: *Provided*, That the exemption set forth in RCW 82.04.310 shall not be applicable to the generation or production of the electrical energy so produced, sold, or transferred: *And provided further*, That no credit has been claimed as an offset to taxes imposed under RCW 82.04.240.

RCW 82.32.090 amended.

Sec. 26. Section 82.32.090, chapter 15, Laws of 1961 as last amended by section 3, chapter 141, Laws of 1965 extraordinary session and RCW 82.32.090 are each amended to read as follows:

Taxation—
Administrative
provisions—
Late payment,
penalties.

If payment of any tax due is not received by the department of revenue by the last day of the month in which the tax becomes due, there shall be assessed a penalty of two percent of the amount of the tax; and if the tax is not received by the last day of the month next succeeding the month in which the due date falls, there shall be assessed a total penalty of ten percent of the amount of the tax; and if the tax is not received by the last day of the second month next succeeding the month in which the due date falls, there shall be assessed a total penalty of twenty percent of the amount of the tax. No penalty so added shall be less than two dollars.

If payment of any tax is received within the first ten days of the month next succeeding the month in which the due date falls, the amount of such payment shall be credited to, and shall be treated for all purposes as having been collected during, the fiscal year in which such due date falls.

If a warrant be issued by the department of revenue for the collection of taxes, increases, and penalties, there shall be added thereto a penalty of five percent of the amount of the tax, but not less than five dollars.

Notwithstanding the foregoing, the aggregate of penalties imposed under this chapter for failure to file a return, late payment of any tax, increase, or penalty, or issuance of a warrant shall not exceed twenty-five percent of the tax due, or seven dollars, whichever is greater.

RCW 82.48.020 amended.

Sec. 27. Section 82.48.020, chapter 15, Laws of 1961 as amended by section 2, chapter 9, Laws of 1967 first extraordinary session and RCW 82.48.020 are each amended to read as follows:

An annual excise tax is hereby imposed for the privilege of using any aircraft in the state. A current certificate of air worthiness with a current inspection date from the appropriate federal agency and/or the purchase of aviation fuel shall constitute the necessary evidence of aircraft use or intended use. The tax shall be collected for each calendar year by the director of the department of motor vehicles, and must be paid during the month of January. No additional tax shall be imposed under this chapter upon any aircraft upon the transfer of ownership thereof, if the tax imposed by this chapter with respect to such aircraft has already been paid for the year in which transfer of ownership occurs. A penalty of five dollars shall be levied against all aircraft not timely registered: *Provided*, That the excise tax herein provided for shall not be imposed or collected, for the year 1968 only, with regard to any aircraft on which an excise tax for the calendar year 1967 is paid prior to July 1, 1967, in accordance with section 82.48.020, chapter 15, Laws of 1961.

Aircraft
excise tax im-
position—Rate.

Note: See also section 2, chapter 9, Laws of 1967 ex. sess.

Sec. 28. There is added to chapter 15, Laws of 1961, and to chapter 82.50 RCW a new section to read as follows:

New section.

For the purposes of this section, "mobile home" means only that type of house trailer more than thirty-two feet in length designed as a facility for human habitation and capable of being moved upon the public streets and highways.

Mobile homes
excise tax—
Rate—Ex-
emptions.

Owners of mobile homes who meet the qualifications prescribed by this section shall be exempt from the rate of tax imposed by RCW 82.50.030 and shall in lieu thereof pay a tax at the rate and measure of one percent of the fair market value of the mobile home, as determined in the manner provided in this chapter:

Mobile homes
excise tax—
Rate—Ex-
emptions.

(1) The person claiming the exemption must have regularly occupied the mobile home during the five calendar years preceding the year for which the exemption is claimed; or he or she must have regularly occupied the mobile home during the preceding calendar year and must also have been a resident of the state of Washington for the last ten calendar years preceding the year for which the exemption is claimed.

(2) If the person claiming the exemption is a male, he must have been sixty-five years of age or older on February 15th of the year in which the exemption is claimed, or must have been, at the time of filing, totally disabled and as such retired under a public or private retirement plan.

(3) If the person claiming the exemption is a female, she must have been sixty-two years of age or older on February 15th of the year in which the exemption is claimed.

(4) No person who, during the preceding calendar year, has regularly occupied the mobile home on which the taxes have been imposed shall have received during the preceding calendar year any earnings of the type and amount which would cause any deduction from social security benefits for a recipient of such benefits pursuant to 42 U.S.C. 403: *Provided, however,* That this subsection shall not apply with respect to an occupant who is related to the person claiming the exemption and who is either a student under the age of twenty-five who is pursuing a full course of studies or who is making payments as a sharing of the expenses of maintaining the mobile home, not in excess of one hundred dollars per month.

(5) The combined income, from all sources whatsoever, of the person claiming the exemption and his or her spouse shall not have been in excess

of three thousand dollars for the preceding calendar year.

(6) All claims for exemption shall be made and signed by the person entitled to the exemption or by his or her attorney-in-fact, either before a notary public or the county auditor or his deputy in the county where the excise taxes provided by this chapter are paid; and any person signing a false claim hereunder does so under penalty of perjury;

(7) Claims for exemption shall be made annually between January 1st and March 31st and solely upon forms prescribed by the department of motor vehicles; and

(8) No person entitled to a claim of exemption for taxes on real property under the provisions of RCW 84.36.126 shall have a second claim of exemption by reason of this section.

As used in this section, the term "preceding calendar year" shall mean the calendar year preceding the year in which the taxes for which the exemption is claimed are due and payable.

Sec. 29. Section 83.44.010, chapter 15, Laws of 1961 and RCW 83.44.010 are each amended to read as follows:

RCW 83.44.010
amended.

All taxes imposed by the inheritance tax provisions of this title shall take effect and accrue upon the death of the decedent or donor. If such tax is not paid within fifteen months from the accruing thereof, interest shall be charged and collected at the rate of eight percent per year computed from the expiration of such fifteen month period unless the amount of tax cannot be determined because of litigation pending in any court of competent jurisdiction or arbitration under the provisions of chapter 83.14 which involves, either directly or indirectly, the amount of tax payable, in which case interest shall not be charged during the time necessarily consumed by such litigation or arbitration:

Inheritance
tax—When
due—Interest.

Inheritance tax—When due—Interest.

Provided, That in no case shall interest be tolled for a period of more than three years from the expiration of the fifteen months after date of death. The minimum tax due in any event shall be paid within fifteen months from the accruing thereof. In all cases where a bond shall be given under the provisions of RCW 83.16.020 interest shall be charged at the rate of six percent per year from and after a period of sixty days from the time that the person or persons owning the beneficial interest come into the possession of same until the payment thereof.

RCW 84.08.030 amended.

Sec. 30. Section 84.08.030, chapter 15, Laws of 1961 and RCW 84.08.030 are each amended to read as follows:

Department of revenue—Auditing county assessors—Supplemental assessment lists.

The department of revenue shall examine and test the work of county assessors at any time, and have and possess all rights and powers of such assessors for the examination of persons, and property, and for the discovery of property subject to taxation, and if it shall ascertain that any taxable property is omitted from the assessment list, or not assessed or valued according to law, it shall bring the same to the attention of the assessor of the proper county in writing, and if such assessor shall neglect or refuse to comply with the request of the department of revenue to place such property on the assessment list, or to correct such incorrect assessment or valuation the department of revenue shall have the power to prepare a supplement to such assessment list, which supplement shall include all property required by the department of revenue to be placed on the assessment list and all corrections required to be made. Such supplement shall be filed with the assessor's assessment list and shall thereafter constitute an integral part thereof to the exclusion of all portions of the original assessment list inconsistent therewith, and shall be submitted therewith to the county board of equalization. As

part of the examining and testing of the work of county assessors to be accomplished pursuant to this section, the department of revenue shall audit at least five percent of all personal property accounts listed in any county each calendar year.

Sec. 31. Section 84.36.010, chapter 15, Laws of 1961 and RCW 84.36.010 are each amended to read as follows:

RCW 84.36.010 amended.

All property belonging exclusively to the United States, the state, any county or municipal corporation shall be exempt from taxation. All property belonging exclusively to a foreign national government shall be exempt from taxation if such property is used exclusively as an office or residence for a consul or other official representative of such foreign national government, and if the consul or other official representative is a citizen of such foreign nation.

Property taxes
—Exemptions
—Public property.

Note: See also section 35, chapter 145, Laws of 1967 ex. sess.

Sec. 32. Section 84.36.150, chapter 15, Laws of 1961 and RCW 84.36.150 are each amended to read as follows:

RCW 84.36.150 amended.

All such grains and flour, fruit and fruit products, vegetables and vegetable products, and fish and fish products shall be listed and assessed as of January 1st of each year, without regard to any average inventory; but the assessor shall cancel any such assessment in whole or in proportionate part upon receipt of sufficient documentary proof that the property so assessed was actually shipped to points outside the state on or before April 30th of such year: *Provided*, That no such cancellation shall be made unless such proof be furnished to the county assessor before June 1st of such year: *Provided further*, That any such assessment of grain shall also be subject to cancellation as provided in this section if sufficient documentary proof be so

Property taxes
—Exemption,
grains, flours,
fruit, vege-
tables, and fish
—Limitation
—Proof of
shipment.

Taxation.

furnished that the grain so assessed was milled into flour and such flour was actually shipped to points outside the state on or before April 30th of such year.

RCW 84.36.171 amended.

Sec. 33. Section 3, chapter 168, Laws of 1961 as amended by section 13, chapter 28, Laws of 1963 extraordinary session and RCW 84.36.171 are each amended to read as follows:

Property tax—
Exemption—
Certain goods
in storage dur-
ing transit—
Proof of
shipment.

Goods, wares, raw furs and merchandise manufactured or produced in any of the states, territories, or possessions of the United States or foreign countries and brought into this state for the purpose of transportation or sale through and to points without the state, and identified at the time the affidavit is filed as property ultimately destined for out-of-state shipment, while being so transported, or while held in storage in a public or private warehouse awaiting such transportation, shall be considered and held to be property in transit and nontaxable if actually shipped to points outside the state. All such goods, wares and merchandise shall be listed and assessed as of January 1st of each year, without regard to any average inventory, but the assessor shall cancel any such assessment in whole or in proportionate part upon receipt of the affidavit of exemption as set forth in RCW 84.36.172. A sale of or transfer of title to any such property, while being so transported or held in storage, shall not operate to defeat the intent or purpose of this section.

New section.

Sec. 34. There is added to chapter 15, Laws of 1961 and to chapter 84.36 RCW a new section to read as follows:

Property taxes
—Exemption—
Plywood prod-
ucts for
interstate
shipment.

All finished plywood, hardboard and particle board panels shipped from without this state to any processing plant within this state, where the panels are moving under a through freight rate to final destination outside this state and the carrier grants the shipper the privilege of stopping the shipment in

transit for the purpose of storing, milling, manufacturing or other processing, while such panels are in the process of being treated or shaped into flat component parts to be incorporated into finished products outside this state and for thirty days after completion of such processing or treatment shall be considered and held to be property in transit and nontaxable.

Sec. 35. Section 84.40.020, chapter 15, Laws of 1961 and RCW 84.40.020 are each amended to read as follows:

RCW 84.40.020 amended.

All real property in this state subject to taxation shall be listed and assessed every year, with reference to its value on the first day of January of the year in which it is assessed. All personal property in this state subject to taxation shall be listed and assessed every year, with reference to its value and ownership on the first day of January of the year in which it is assessed: *Provided*, That if the stock of goods, wares, merchandise or material, whether in a raw or finished state or in process of manufacture, owned or held by any taxpayer on January 1 of any year does not fairly represent the average stock carried by such taxpayer, such stock shall be listed and assessed upon the basis of the monthly average of stock owned or held by such taxpayer during the preceding calendar year or during such portion thereof as the taxpayer was engaged in business.

Property taxes
—Listing of
property—
Assessment
date—Average
inventory.

Sec. 36. Section 84.40.040, chapter 15, Laws of 1961 and RCW 84.40.040 are each amended to read as follows:

RCW 84.40.040 amended.

The assessor shall begin the preliminary work for each assessment not later than the first day of December of each year in all counties in the state. He shall also complete the duties of listing and placing valuations on all property by May 31st of each year, and in the following manner, to wit:

Property taxes
—Listing—
Filing lists of
personal
property.

Property taxes
—Listing—
Filing lists of
personal
property.

He shall actually determine as nearly as practicable the true and fair value of each tract or lot of land listed for taxation and of each improvement located thereon and shall enter fifty percent of the value of such land and of the total value of such improvements, together with the total of such fifty percent valuations, opposite each description of property on his assessment list and tax roll.

He shall make an alphabetical list of the names of all persons in his county liable to assessment of personal property, and require each person to make a correct list and statement of such property according to the standard form prescribed by the department of revenue, which statement and list shall include, if required by the form, the year of acquisition and total original cost of personal property in each category of the prescribed form, and shall be signed and verified under penalty of perjury by the person listing the property. Such list and statement shall be filed on or before the last day of March, but the assessor, upon written request filed on or before such date and for good cause shown therein, shall allow a reasonable extension of time for filing. The assessor shall on or before the 1st day of January of each year mail a notice to all such persons at their last known address that such statement and list is required, such notice to be accompanied by the form on which the statement or list is to be made: *Provided*, That for the years 1968 and 1969 a second notice shall be mailed on or before the 15th day of March: *Provided further*, That the notice mailed by the assessor to each taxpayer each year shall, if practicable, include the statement and list of personal property of the taxpayer for the preceding year. Upon receipt of such statement and list the assessor shall thereupon determine the true and fair value of the property included in such statement and enter fifty percent of the same in the assess-

ment books opposite the name of the party assessed; and in making such entry in his assessment list, he shall give the name and post office address of the party listing the property, and if the party resides in a city the assessor shall give the street and number or other brief description of his residence or place of business. The assessor may, after giving written notice of his action to the person to be assessed, add to the assessment list any taxable property which, in his judgment, should be included in such list.

Sec. 37. Section 84.40.060, chapter 15, Laws of 1961 and RCW 84.40.060 are each amended to read as follows:

RCW 84.40.060 amended.

Upon receipt of the verified statement of personal property, the assessor shall assess the value of such property and enter fifty percent of the same in his books: *Provided*, If any property is listed or assessed on or after the 31st day of May, the same shall be legal and binding as if listed and assessed before that time: *Provided, further*, That any statement of taxable property which is not signed by the person listing the property and which is not verified under penalty of perjury shall not be accepted by the assessor nor shall it be considered in any way to constitute compliance, or an attempt at compliance, with the listing requirements of this chapter.

Property taxes
—Statement of
personalty—
Signed and
verified under
oath.

Sec. 38. Section 84.40.130, chapter 15, Laws of 1961 and RCW 84.40.130 are each amended to read as follows:

RCW 84.40.130 amended.

(1) If any person or corporation shall fail or refuse to deliver to the assessor, on or before the date specified in section 36 of this 1967 act, a list of the taxable personal property which he is required to list under this chapter, unless it is shown that such failure is due to reasonable cause and not due to wilful neglect, there shall be added to the amount of tax assessed against him or it on account of such

Property taxes
—Penalties—
Failure to list
—False listing.

Property taxes
 —Penalties—
 Failure to list
 —False listing.

personal property five percent of the amount of such tax if the failure is for not more than one month, with an additional five percent for each additional month or fraction thereof during which such failure continues not exceeding twenty-five percent in the aggregate. Such penalty shall be collected in the same manner as the tax to which it is added.

(2) If any person or corporation shall wilfully give a false or fraudulent list, schedule or statement required by this chapter, or shall, with intent to defraud, fail or refuse to deliver any list, schedule or statement required by this chapter, such person or corporation shall be liable for the additional tax properly due or, in the case of wilful failure or refusal to deliver such list, schedule or statement, the total tax properly due; and in addition such person or corporation shall be liable for a penalty of one hundred percent of such additional tax or total tax as the case may be. Such penalty shall be in lieu of the penalty provided for in subsection (1) of this section. A person or corporation giving a false list, schedule or statement shall not be subject to this penalty if it is shown that the misrepresentations contained therein are entirely attributable to reasonable cause. The taxes and penalties provided for in this subsection shall be recovered in an action in the name of the state of Washington on the complaint of the county assessor or the board of county commissioners, and shall, when collected, be paid into the county treasury to the credit of the current expense fund. The provisions of this subsection shall be additional and supplementary to any other provisions of law relating to recovery of property taxes.

RCW 84.40.190
 amended.

Sec. 39. Section 84.40.190, chapter 15, Laws of 1961 and RCW 84.40.190 are each amended to read as follows:

Every person required by this title to list property shall make out and deliver to the assessor,

either in person or by mail, a statement, verified under penalty of perjury, of all the personal property in his possession or under his control, and which, by the provisions of this title, he is required to list for taxation, either as owner or holder thereof. Each list, schedule or statement required by this chapter shall be signed by the individual if the person required to make the same is an individual; by the president, vice-president, treasurer, assistant treasurer, chief accounting officer or any other officer duly authorized to so act if the person required to make the same is a corporation; by a responsible and duly authorized member or officer having knowledge of its affairs, if the person required to make the same is a partnership or other unincorporated organization; or by the fiduciary, if the person required to make the same is a trust or estate. The list, schedule, or statement may be made and signed for the person required to make the same by an agent who is duly authorized to do so by a power of attorney filed with and approved by the assessor. When any list, schedule, or statement is made and signed by such agent, the principal required to make out and deliver the same shall be responsible for the contents and the filing thereof and shall be liable for the penalties imposed pursuant to section 38 of this 1967 amendatory act. No person shall be required to list for taxation in his statement to the assessor any share or portion of the capital stock, or of any of the property of any company, association or corporation, which such person may hold in whole or in part, where such company, being required so to do, has listed for assessment and taxation its capital stock and property with the department of revenue, or as otherwise required by law.

Property taxes
—Listing of
property—
Listing by
other than
owner—Liabil-
ity of princi-
pal for acts
of agent.

Sec. 40. Section 6, chapter 24, Laws of 1961 ex-

RCW 84.40.340 amended.

traordinary session and RCW 84.40.340 are each amended to read as follows:

Property taxes
—Verification of listing—
Right of entry, examination of books and records.

For the purpose of verifying any list, statement, or schedule required to be furnished to the assessor by any taxpayer, any assessor or his trained and qualified deputy at any reasonable time may visit, investigate and examine any personal property, and for this purpose the records, accounts and inventories also shall be subject to any such visitation, investigation and examination which shall aid in determining the amount and valuation of such property. Such powers and duties may be performed at any office of the taxpayer in this state, and the taxpayer shall furnish or make available all such information pertaining to property in this state to the assessor although the records may be maintained at any office outside this state.

Any information or facts obtained pursuant to this section shall be used only for the purpose of determining the assessed valuation of the taxpayer's property and except in a court action pertaining to penalties imposed pursuant to section 38 of this 1967 amendatory act, or to the assessment or valuation for tax purposes of the property to which such information and facts relate, shall not be disclosed without the permission of the taxpayer to any person other than public officers or employees whose duties relate to valuation of property for tax purposes, and any violation of this secrecy provision shall constitute a gross misdemeanor.

New section.

Sec. 41. There is added to chapter 15, Laws of 1961 and to chapter 84.40 RCW a new section to read as follows:

Property taxes
—Listing of property required.

Every individual, corporation, association, partnership, trust, or estate shall list all personal property in his or its ownership, possession, or control which is subject to taxation pursuant to the provisions of this title. Such listing shall be made and

delivered in accordance with the provisions of this 1967 amendatory act.

Sec. 42. There is added to chapter 15, Laws of 1961 and to chapter 84.40 RCW a new section to read as follows:

Any list, schedule or statement required by this chapter shall contain a written declaration that any person signing the same and knowing the same to be false shall be subject to the penalties of perjury.

Sec. 43. There is added to chapter 15, Laws of 1961, and to chapter 84.36 RCW a new section to read as follows:

All property, whether real or personal, owned in fee or by contract purchase by any nonprofit corporation or association the primary purpose of which is providing education and recreation for the general public and the conservation of natural resources for such education and recreation shall be exempt from ad valorem taxation if the following conditions are met:

(1) Such property shall be used solely for the purpose of providing recreation or education for the general public, and not for the pecuniary benefit of any person or company, as defined in RCW 82.04-.030; and

(2) Such property shall be subject to an option, accepted in writing by the state, a city or a county, for the purchase thereof by the state, a city or a county, at a price not exceeding the lesser of the following amounts: (a) the sum of the original purchase cost to such nonprofit corporation or association plus interest from the date of acquisition by such corporation or association at the rate of six percent per annum compounded annually to the date of the exercise of the option; or (b) the appraised value of the property at the time of the granting of the option, as determined by the department of revenue.

RCW 82.50.010 amended.

Sec. 44. Section 82.50.010, chapter 15, Laws of 1961 and RCW 82.50.010 are each amended to read as follows:

Travel trailer and mobile home trailer, excise tax—Definitions.

“Mobile home” means all trailers of the type designed as facilities for human habitation and which are capable of being moved upon the public streets and highways and which are more than thirty-two feet in length, except as hereinafter specifically excluded.

“Travel trailer” means all trailers of the type designed to be used upon the public streets and highways which are capable of being used as facilities for human habitation and which are thirty-two feet or less in length and eight feet or less in width, except as may be hereinafter specifically excluded.

“Commission” means the department of revenue of the state.

“Director” means the director of motor vehicles of the state.

RCW 82.50.020 amended.

Sec. 45. Section 82.50.020, chapter 15, Laws of 1961 and RCW 82.50.020 are each amended to read as follows:

Travel trailer and mobile homes excise tax—Tax imposed.

An annual excise tax is imposed on the owner of any mobile home or travel trailer for the privilege of using such mobile home or travel trailer in this state. The tax shall be collected for each calendar year by the department of motor vehicles or the county auditor of the county in which the mobile home or travel trailer is located at the time payment is made and shall be due on and after January 1st or on the date the mobile home or travel trailer is first purchased or brought into this state, and paid on or before March 31st of each calendar year or thirty days after the mobile home or travel trailer is first purchased or brought into this state, whichever is later. No additional tax shall be imposed under this chapter upon any mobile home or travel trailer upon the transfer of ownership thereof, if the tax

imposed by this chapter with respect to such mobile home or travel trailer has already been paid for the calendar year or fractional part thereof in which such transfer occurs.

Sec. 46. Section 82.50.030, chapter 15, Laws of 1961 as last amended by section 29, chapter 173, Laws of 1965 extraordinary session and RCW 82.50.030 are each amended to read as follows:

RCW 82.50.030 amended.

The rate and measure of tax imposed by this chapter for each calendar year shall be one and one-half percent of the fair market value of the mobile home or travel trailer, as determined in the manner provided in this chapter: *Provided*, That the calendar year shall be divided into twelve parts corresponding to the months of the calendar year and the excise tax upon a mobile home or travel trailer used for the first time in this state after the last day of any month shall only be levied for the remaining months of the calendar year including the month in which the mobile home or travel trailer is first used: *Provided further*, That the minimum amount of tax payable shall be two dollars.

Travel trailer and mobile homes excise tax—Rate.

A mobile home or travel trailer shall be deemed used for the first time in this state when such vehicle was not previously licensed by this state for the year immediately preceding the year in which application for license is made.

Sec. 47. Section 82.50.040, chapter 15, Laws of 1961 and RCW 82.50.040 are each amended to read as follows:

RCW 82.50.040 amended.

The classification and schedule prepared under RCW 82.44.040 for mobile homes or travel trailers used as facilities for human habitation shall be the schedule used by the county auditors and the director for determining the amount of tax due hereunder.

Travel trailer and mobile homes excise tax—Classification and schedule—Basis.

Sec. 48. Section 82.50.050, chapter 15, Laws of

RCW 82.50.050 amended.

1961 and RCW 82.50.050 are each amended to read as follows:

Travel trailers and mobile homes excise tax—Rate on unclassified units.

The tax hereunder for any mobile home or travel trailer not classified as provided in RCW 82.44.040 shall be determined as provided in RCW 82.44.050 for mobile homes or travel trailers used as facilities for human habitation.

RCW 82.50.070 amended.

Sec. 49. Section 82.50.070, chapter 15, Laws of 1961 and RCW 82.50.070 are each amended to read as follows:

Mobile and travel trailer excise tax—Tax receipt—Records—License plate—Fee.

The county auditor or the department of motor vehicles upon payment of the tax hereunder shall issue a receipt which shall include such information as may be required by the director, including the name of the taxpayer, a description of the mobile home or travel trailer, and in the case of a mobile home its location at the time of payment of the tax which receipt shall be printed by the department of motor vehicles in such form as it deems proper and furnished by the department to the various county auditors of the state. The county auditor shall keep a record of the excise taxes paid hereunder during the calendar year under the name of owners of mobile home or travel trailer, listed alphabetically.

In addition thereto the county auditor or the director shall issue a license plate and register the mobile home or travel trailer as if they were "house trailers" under the provisions of chapter 46.16 and shall collect the additional fees therein provided.

RCW 82.50.101 amended.

Sec. 50. Section 82.50.101, chapter 15, Laws of 1961 and RCW 82.50.101 are each amended to read as follows:

Enforcement—Right of entry—Inspection of records.

The director or his authorized representative shall have power to enter at reasonable times all mobile home parks and other areas where mobile home or travel trailers are parked for the purpose of determining whether or not the tax herein pre-

scribed has been paid. The records required to be kept under RCW 19.48.020 shall be open to inspection by the director or his representative.

Sec. 51. Section 82.50.105, chapter 15, Laws of 1961 as last amended by section 1, chapter 92, Laws of 1965 extraordinary session and RCW 82.50.105 are each amended to read as follows:

RCW 82.50.105 amended.

On or before the fifteenth day of February of each calendar year, the director shall cause to be mailed to the owners of mobile homes or travel trailers, of record, notice of the amount of tax payable during the calendar year. Said notice shall contain a legal description of the mobile home or travel trailer, prominent notice of penalties, due dates, and such other information as may be required by the director. If payment is not made within thirty days of the issuance of said notice, the director may forward a notification of delinquency to the county sheriff of the county wherein the mobile home or travel trailer is located, requesting distraint of said mobile home or travel trailer.

Mobile homes and travel trailers—
Notice of amount payable—Contents—
Notification of delinquency—
Request for distraint.

Sec. 52. Section 82.50.110, chapter 15, Laws of 1961 as amended by section 2, chapter 92, Laws of 1965 extraordinary session and RCW 82.50.110 are each amended to read as follows:

RCW 82.50.110 amended.

If any excise tax due hereunder is not paid when due and payable, the unpaid tax shall bear interest at the rate of six percent per annum from the time such tax is due and payable.

Mobile homes and travel trailers excise tax—Late payments—Interest—Lien.

The tax hereunder shall be a specific lien on the mobile home or travel trailer from and after the date it first becomes due hereunder, and shall include all charges authorized by this chapter, which lien shall have priority to and be fully paid and satisfied before any recognizance, mortgage, judgment, debt, obligation or responsibility to or with which the mobile home or travel trailer may become

Mobile homes and travel trailers excise tax—Late payments—Interest—Lien.

charged or liable, after July 1, 1957, and no sale or transfer of any mobile home or travel trailer shall in any way affect the lien for such excise tax upon the mobile home or travel trailer.

RCW 82.50.120 amended.

Sec. 53. Section 82.50.120, chapter 15, Laws of 1961 as amended by section 9, chapter 199, Laws of 1963 and RCW 82.50.120 are each amended to read as follows:

Unlawful removal.

It shall be unlawful for any owner or other person to remove a mobile home or travel trailer from the real property on which it is situated after the tax hereunder shall become due and payable without payment of the excise tax hereunder or under RCW 82.44.020.

RCW 82.50.130 amended.

Sec. 54. Section 82.50.130, chapter 15, Laws of 1961 and RCW 82.50.130 are each amended to read as follows:

Mobile homes and travel trailer excise tax—Delinquencies—Distraint procedure.

When notified by the director that the excise tax is delinquent on any mobile home or travel trailer, the sheriff shall personally serve the owner in the manner provided for service of summons in civil actions or post thereon in a conspicuous place, a notice of delinquency, supplied by the director, which shall contain a description of the mobile home or travel trailer, the amount of excise tax due, together with accrued interest, the penalty, and the sheriff shall add thereto his fee for service or posting of the notice, which shall be the same as for the service of summons in a civil action, with fees for mileage based on the number of miles from the county seat of the county to the location of the mobile home or travel trailer, and the name of the owner or reputed owner, if such is known. Thereafter, the sheriff may without further demand or notice, distraint the mobile home or travel trailer for the payment of tax, together with the penalty and accrued interest, and the costs and fees.

If he shall determine that it is reasonably impracticable to take manual possession of the mobile home or travel trailer, it shall be deemed to have been distrained and taken into possession when the sheriff posts thereon in a conspicuous place, a notice in writing reciting that he has distrained such mobile home or travel trailer, describing it and giving the name of the owner or reputed owner, if such is known, the amount of the tax due, together with the penalty, accrued interest, costs and fees, and the time when and the place where the sale, as hereinafter provided, shall be made.

The director shall forward by registered or certified mail a copy of the notice of delinquency herein provided to the legal owner recorded with the director pursuant to chapter 46.12.

Sec. 55. Section 82.50.140, chapter 15, Laws of 1961 and RCW 82.50.140 are each amended to read as follows:

If the tax is not paid forthwith after distraint, the sheriff shall advertise the sale of the mobile home or travel trailer by posting written notices in three public places in the county in which the mobile home or travel trailer is located, one of which shall be at the county court house of such county, and by posting a written notice on the mobile home or travel trailer in a conspicuous place, if he has not taken manual possession of it. Such notices shall state the time when and the place where the mobile home or travel trailer will be sold. He shall tax the same fees for making the distraint and sale of the mobile home or travel trailer for the payment of taxes as are allowed him by law for making levy and sale of property on execution, traveling fees to be computed from the county seat of the county to the place of making distraint. If the taxes for which the mobile home or travel trailer is distrained, together with the penalty, accrued interest, and costs

RCW 82.50.140 amended.

Mobile homes and travel trailer excise tax—Sale after distraint, procedure.

Mobile homes and travel trailer excise tax—Sale after distraint, procedure.

and fees accruing thereon, are not paid before the date appointed for such sale, which shall be not less than ten days after the distraint and taking of such mobile home or travel trailer and posting of the notices, the sheriff shall proceed to sell the mobile home or travel trailer at public auction. After deducting the costs and fees, he shall pay to the county auditor the amount to pay the taxes, the penalty and accrued interest to the date of sale, if there is sufficient to do so, and, if there is any overplus of money arising from the sale, he shall pay such overplus to the owner of the mobile home or travel trailer so sold or to his legal representative, who shall be deemed to be the county treasurer in the event the owner or other legal representative cannot be determined or found.

RCW 82.50.180 amended.

Sec. 56. Section 82.50.180, chapter 15, Laws of 1961 and RCW 82.50.180 are each amended to read as follows:

Exemptions.

The following mobile homes or travel trailers are specifically exempted from the operation of this chapter:

(1) Any unoccupied mobile home or travel trailer when it is part of an inventory of mobile homes or travel trailers held for sale by a manufacturer or dealer in the course of his business.

(2) A mobile home or travel trailer owned by any government or political subdivision thereof.

(3) A mobile home or travel trailer owned by a nonresident and currently licensed in another state, unless such mobile home or travel trailer shall remain in this state for a period of ninety days or more during the calendar year.

(4) Mobile homes or travel trailers eligible to be used under a set of dealer's license plates, and taxed under RCW 82.44.030 while so eligible.

(5) A mobile home which has substantially lost its identity as a mobile unit by virtue of being per-

manently fixed in location upon land owned by the owner of the mobile home and placed on a permanent foundation, subsequent to the removal of the hitch, wheels and axles of said unit, and with fixed pipe connections with sewer, water or other utilities.

Following the permanent placement of said mobile home as provided herein, and upon the request of the owner, made to the county assessor, the assessor shall confirm compliance with the conditions of this subsection and if the unit so qualifies, the unit will be entered on the real property tax rolls of the involved county, and said unit shall be exempted from the provisions of this chapter from and after the date it is assessed as a part of the real property.

Sec. 57. Section 82.50.190, chapter 15, Laws of 1961 and RCW 82.50.190 are each amended to read as follows:

RCW 82.50.190 amended.

No mobile home or travel trailer with respect to which the excise tax imposed by this chapter is payable shall be listed and assessed for ad valorem taxation.

Ad valorem taxes prohibited.

Sec. 58. Section 82.50.200, chapter 15, Laws of 1961 and RCW 82.50.200 are each amended to read as follows:

RCW 82.50.200 amended.

Mobile homes or travel trailers taxed and licensed under the provisions of this chapter shall be entitled to the use of the public streets and highways subject to the provisions of the motor vehicle laws of this state except as herein otherwise provided.

Use of public streets and highways.

Sec. 59. There is added to chapter 15, Laws of 1961 and to chapter 82.50 RCW a new section to read as follows:

New section.

Whenever this chapter refers to chapters 46.12, 46.16, or 82.44 RCW, with references to "house trailers", the term "house trailer" as used in those chapters shall be construed to include and embrace "mo-

"House trailer," defined.

bile home and travel trailer" as used in this amendatory act.

Taxation—
Distribution of
proceeds from
mobile homes
and travel
trailer excise
taxes to
schools.

Sec. 60. The state superintendent of public instruction shall distribute to each school district in the state quarterly on or before the twenty-fifth day of February, May, August and November of each year, commencing with May, 1968, an amount equal to fifty percent of that portion of the mobile home excise taxes transferred to the general fund from the school equalization fund, which are due on or after January 1, 1968 under chapter 82.50 RCW, as amended in this 1967 amendatory act, for mobile homes located in the school district on the date the excise tax was paid.

The director of motor vehicles shall certify to the superintendent of public instruction the amount of mobile home excise taxes due to each school district under this section.

No portion of the funds distributed to school districts under this section shall be considered as available revenues of the school district in computing state equalization support under RCW 28.41.130.

New section.

Sec. 61. There is added to chapter 11, Laws of 1951 first extraordinary session and to chapter 28.45 RCW a new section to read as follows:

Real estate
excise tax—
Tax credit
when transfer
is part of
another
transaction.

Where single family residential property is being transferred as the entire or part consideration for the purchase of other single family residential property and a licensed real estate broker or one of the parties to the transaction accepts transfer of said property, a credit for the amount of the tax paid at the time of the transfer to the broker or party shall be allowed toward the amount of the tax due upon a subsequent transfer of the property by the broker or party if said transfer is made within nine months of the transfer to the broker or party: *Provided*, That if the tax which would be due on the subsequent transfer from the broker or party is greater than the

tax paid for the prior transfer to said broker or party the difference shall be paid, but if the tax initially paid is greater than the amount of the tax which would be due on the subsequent transfer no refund shall be allowed.

Sec. 62. The following acts or parts of acts are hereby repealed: Repeal.

(1) Section 82.04.295, chapter 15, Laws of 1961 and RCW 82.04.295;

(2) Section 82.04.296, chapter 15, Laws of 1961, section 2, chapter 293, Laws of 1961 and RCW 82.04.296;

(3) Section 82.16.025, chapter 15, Laws of 1961 and RCW 82.16.025;

(4) Section 82.16.026, chapter 15, Laws of 1961 and RCW 82.16.026;

(5) Section 84.40.050, chapter 15, Laws of 1961 and RCW 84.40.050;

(6) Section 84.40.140, chapter 15, Laws of 1961 and RCW 84.40.140;

(7) Section 84.40.180, chapter 15, Laws of 1961 and RCW 84.40.180; and

(8) Section 84.40.260, chapter 15, Laws of 1961 and RCW 84.40.260.

Sec. 63. Nothing in this 1967 amendatory act shall be construed to affect any existing rights acquired or any existing liabilities incurred under the sections amended or repealed herein, nor as affecting any civil or criminal proceedings instituted thereunder, nor any rule or regulation promulgated thereunder, nor any administrative action taken thereunder. Savings.

Sec. 64. If any phrase, clause, subsection or section of this act shall be declared unconstitutional or invalid by any court of competent jurisdiction, it shall be conclusively presumed that the legislature would have enacted this act without the phrase, Severability

clause, subsection or section so held unconstitutional or invalid and the remainder of the act shall not be affected as a result of said part being held unconstitutional or invalid.

Emergency.

Sec. 65. 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 July 1, 1967.

Passed the Senate April 30, 1967.

Passed the House April 29, 1967.

Approved by the Governor May 11, 1967, with the exception of Section 21 which was vetoed.

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

"This bill makes a number of changes in laws relating to revenue and taxation. Section 21 of the bill changes the definition of 'value of the article used' in determining the amount of use tax payable under Chapter 82.12 Revised Code of Washington. The amendment contained in Section 21 would delete from the definition the following provision:

'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.'

"The 1965 legislature adopted the above quoted provision in order to bring Washington's use tax law somewhat into conformity with the laws of other states with respect to contractors who produce special tooling in the course of manufacturing a product for the Department of Defense. Under the 1965 act, the use tax is based upon the value of the materials which were utilized to manufacture this special tooling, but would not apply to the balance of the value added by the contractor in those instances where the contract is performed for the Department of Defense.

"If Washington were to change its law as proposed in Section 21, the additional use tax applicable to special tooling would add to the Department of Defense cost of awarding contracts to bidders based in the State of Washington. I see no reason to change the law in a manner which places Washington bidders at a competitive disadvantage with bidders in other states, where use tax laws determine the value of special tooling on at least as favorable a basis as under existing Washington law.

"The additional revenues to the State of Washington which would result from a change in the law are relatively minor, and would become less significant if Washington bidders are unsuccessful in obtaining Defense Department business. Of much greater importance would be the effect upon the state's economy and its revenues from other taxes which would result from an increase in contracts awarded by the Defense Department to taxpayers in this State.

"For the foregoing reasons, I have vetoed Section 21. The remainder of Senate Bill No. 255 is approved."

DANIEL J. EVANS,
Governor.