

CHAPTER 281

[House Bill No. 172]

TAXATION--

DELETES OBSOLETE ENABLING LEGISLATION FOR NET INCOME TAX

AN ACT Relating to revenue and taxation; amending section 82.04.050, chapter 15, Laws of 1961 as last amended by section 1, chapter 8, Laws of 1970 ex. sess. and RCW 82.04.050; amending section 82.04.230, chapter 15, Laws of 1961 as last amended by section 33, chapter 262, Laws of 1969 ex. sess. and RCW 82.04.230; amending section 82.04.240, chapter 15, Laws of 1961 as last amended by section 34, chapter 262, Laws of 1969 ex. sess. and RCW 82.04.240; amending section 82.04.250, chapter 15, Laws of 1961 as last amended by section 35, chapter 262, Laws of 1969 ex. sess. and RCW 82.04.250; amending section 82.04.260, chapter 15, Laws of 1961 as last amended by section 36, chapter 262, Laws of 1969 ex. sess. and RCW 82.04.260; amending section 82.04.270, chapter 15, Laws of 1961 as last amended by section 37, chapter 262, Laws of 1969 ex. sess. and RCW 82.04.270; amending section 82.04.280, chapter 15, Laws of 1961 as last amended by section 2, chapter 8, Laws of 1970 ex. sess. and RCW 82.04.280; amending section 82.04.290, chapter 15, Laws of 1961 as last amended by section 4, chapter 65, Laws of 1970 ex. sess. and RCW 82.04.290; amending section 82.08.020, chapter 15, Laws of 1961 as last amended by section 31, chapter 262, Laws of 1969 ex. sess. and RCW 82.08.020; amending section 82.12.020, chapter 15, Laws of 1961 as last amended by section 32, chapter 262, Laws of 1969 ex. sess. and RCW 82.12.020; amending section 1, chapter 168, Laws of 1965 ex. sess. as amended by section 60, chapter 262, Laws of 1969 ex. sess. and RCW 84.36.125; amending section 3, chapter 168, Laws of 1965 ex. sess. as amended by section 61, chapter 262, Laws of 1969 ex. sess. and RCW 84.36.127; amending section 1, chapter 132, Laws of 1967 ex. sess. as amended by section 62, chapter 262, Laws of 1969 ex. sess. and RCW 84.36.128; amending section 3, chapter 8, Laws of 1970 ex. sess. and RCW 84.36.129; amending section 84.52.050, chapter 15, Laws of 1961 as last amended by section 5, chapter 92, Laws of 1970 ex. sess. and RCW 84.52.050; amending section 1, chapter 133, Laws of 1967 ex. sess. as amended by section 2, chapter 216, Laws of 1969 ex. sess. and RCW 84.52.065; amending section 74.04.150, chapter 26, Laws of 1959 as last amended by section 3, chapter 92, Laws of 1970 ex. sess. and RCW 74.04.150; repealing sections 1 through 29 and 68, chapter 262, Laws of 1969 ex. sess. and RCW 82.30.010 through 82.30.290; repealing

section 40, chapter 262, Laws of 1969 ex. sess. and RCW 82.04.437; repealing section 41, chapter 262, Laws of 1969 ex. sess. and RCW 82.04.292; repealing sections 42 through 59, chapter 262, Laws of 1969 ex. sess. and RCW 82.31.010 through 82.31.170; repealing section 67, chapter 262, Laws of 1969 ex. sess.; and declaring an emergency.

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

Section 1. Section 82.04.050, chapter 15, Laws of 1961 as last amended by section 1, chapter 8, Laws of 1970 ex. sess. and RCW 82.04.050 are each amended to read as follows:

"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, 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 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, easement, right of way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is used or to be used primarily for foot or vehicular traffic including publicly owned mass transportation vehicles of any kind, 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.

((Upon and after the effective date of the provisions of chapter 262, laws of 1969 ex. sess., as now or hereafter amended, which impose a tax upon net income, the term shall not include the sale of drugs or medicines either required by law to be dispensed or actually dispensed in accordance with the prescription of a licensed practitioner of one of the healing arts authorized by law to prescribe such drugs or medicines.))

Sec. 2. Section 82.04.230, chapter 15, Laws of 1961 as last amended by section 33, chapter 262, Laws of 1969 ex. sess. and RCW 82.04.230 are each amended to read as follows:

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 ((: PROVIDED, That upon and after the effective date of the provisions of this amendatory act which impose a tax upon net income, the amount of 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 twenty-two 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.

Sec. 3. Section 82.04.240, chapter 15, Laws of 1961 as last amended by section 34, chapter 262, Laws of 1969 ex. sess. 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 (~~(= PROVIDED, That upon and after the effective date of the provisions of this amendatory act which impose a tax upon net income, the amount of tax with respect to such business shall be equal to the value of the products, including byproducts, manufactured, multiplied by the rate of twenty-two one-hundredths of one percent)~~).

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. 4. Section 82.04.250, chapter 15, Laws of 1961 as last amended by section 35, chapter 262, Laws of 1969 ex. sess. and RCW 82.04.250 are each amended to read as follows:

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 (~~(= PROVIDED, That upon and after the effective date of the provisions of this amendatory act which impose a tax upon net income, 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 twenty-two one-hundredths of one percent)~~).

Sec. 5. Section 82.04.260, chapter 15, Laws of 1961 as last amended by section 36, chapter 262, Laws of 1969 ex. sess. and RCW 82.04.260 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of buying wheat, oats, dry peas, corn, (~~(rye)~~) 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 (~~(= PROVIDED, That upon and after the effective date of the provisions of this amendatory act which impose a tax upon net income, the tax imposed shall be equal to the gross proceeds derived from sales multiplied by the rate of one two-hundredths of one percent)~~).

(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 (~~(= PROVIDED, That upon and after the effective date of the provisions of this amendatory act which impose a tax upon net income, 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-sixteenth of one percent)).

(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 ((: PROVIDED, That upon and after the effective date of the provisions of this amendatory act which impose a tax upon net income, 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-eighth 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 ((: PROVIDED, That upon and after the effective date of the provisions of this amendatory act which impose a tax upon net income, 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-sixteenth 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 ((: PROVIDED, That upon and after the effective date of the provisions of this amendatory act which impose a tax upon net income, 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-twentieths 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 ((: PROVIDED, That upon and after the effective date of the provisions of this amendatory act which impose a tax upon net income, the amount of tax with respect to such business shall be equal to the value of the products manufactured multiplied by the rate of twenty-two one-hundredths 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 ((~~PROVIDED, That upon and after the effective date of the provisions of this amendatory act which impose a tax upon net income, 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 twenty-two 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 ((~~PROVIDED, That upon and after the effective date of the provisions of this amendatory act which impose a tax upon net income, 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 two-hundredths of one percent~~)).

Sec. 6. Section 82.04.270, chapter 15, Laws of 1961 as last amended by section 37, chapter 262, Laws of 1969 ex. sess. and RCW 82.04.270 are each amended to read as follows:

(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 ((~~PROVIDED, That upon and after the effective date of the provisions of this amendatory act which impose a tax upon net income, 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 twenty-two one-hundredths of one percent~~)).

(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 upon and after the effective date of the provisions of this amendatory act which impose a tax upon net income, the amount of tax as to such persons shall be computed by multiplying twenty-two 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 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.

Sec. 7. Section 82.04.280, chapter 15, Laws of 1961 as last amended by section 2, chapter 8, Laws of 1970 ex. sess. and RCW 82.04.280 are each amended to read as follows:

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, easement, right of way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is used or to be used, primarily for foot or vehicular traffic including publicly owned mass transportation vehicles of any kind and including any readjustment, reconstruction or relocation of the facilities of any public, private or cooperatively owned utility or railroad in the course of such building, repairing or improving, the cost of which readjustment, reconstruction, or relocation, is the responsibility of the public authority whose street, place, road, highway, easement, right of way, mass public transportation terminal or parking facility, bridge, tunnel, 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 (~~(+ PROVIDED, That upon and after the effective date of the provisions of chapter 262, laws of 1969 ex. sess., as now or hereafter amended, which impose a tax upon net income, the amount of tax on such business shall be equal to the gross income of the business multiplied by the rate of twenty-two one-hundredths of one percent)~~).

Sec. 8. Section 82.04.290, chapter 15, Laws of 1961 as last amended by section 4, chapter 65, Laws of 1970 ex. sess. and RCW 82.04.290 are each amended to read as follows:

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, 82.04.255, 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 percent (~~(+ PROVIDED, That upon and after the effective date of the provisions of chapter 262, laws of 1969 ex. sess., which impose a tax upon net income, the amount of tax on account of such activities shall be equal to the gross income of the business multiplied by the rate of twenty-two one-hundredths of one 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.

Sec. 9. Section 82.08.020, chapter 15, Laws of 1961 as last amended by section 31, chapter 262, Laws of 1969 ex. sess. and RCW 82.08.020 are each amended to read as follows:

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 (~~(+ PROVIDED, That upon and after the effective date of the provisions of this amendatory act which impose a tax upon net income, the tax imposed by this section shall be equal to three 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)).

Sec. 10. Section 82.12.020, chapter 15, Laws of 1961 as last amended by section 32, chapter 262, Laws of 1969 ex. sess. and RCW 82.12.020 are each amended to read as follows:

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

Sec. 11. Section 1, chapter 168, Laws of 1965 ex. sess. as amended by section 60, chapter 262, Laws of 1969 ex. sess. and RCW 84.36.125 are each amended to read as follows:

Due to the tremendous rise in living costs during the past decade, including increased property taxes, the failure of federal old age and survivors insurance and similar types of pension systems to adequately reflect in their pension payments these costs, and because savings once deemed adequate for retirement living are now grossly inadequate, it is therefor deemed necessary that the legislature now grant people retired on fixed incomes some relief from real property taxes. This relief must be granted to insure that thousands of persons now retired on fixed incomes can remain in

possession of their homes, thus not becoming a burden on state or local government.

~~((This section shall expire upon the date the provisions of this 1969 amendatory act which impose a tax upon net income become effective:))~~

Sec. 12. Section 3, chapter 168, Laws of 1965 ex. sess. as amended by section 61, chapter 262, Laws of 1969 ex. sess. and RCW 84.36.127 are each amended to read as follows:

RCW 84.36.125 and 84.36.126 shall become effective upon the approval of the voters of the state of an amendment to Article 7, section 1 of the Constitution of the state of Washington so as to authorize this form of exemption.

~~((This section shall expire upon the date the provisions of this 1969 amendatory act which impose a tax upon net income become effective:))~~

Sec. 13. Section 1, chapter 132, Laws of 1967 ex. sess. as amended by section 62, chapter 262, Laws of 1969 ex. sess. and RCW 84.36.128 are each amended to read as follows:

A person shall be exempt from any legal obligation to pay the first fifty dollars of real property taxes due and payable in any one year if the following conditions are met:

(1) The property taxes must have been imposed upon a residence which has been regularly occupied by the person claiming the exemption during the five calendar years preceding the year for which the exemption is claimed; or the property taxes must have been imposed upon a residence which has been regularly occupied by the person claiming the exemption during the preceding calendar year and the person claiming the exemption 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) The person claiming the exemption must have owned, at the time of filing, in fee, by contract purchase, or by deed of trust, the residence on which the property taxes have been imposed. For purposes of this subsection, a residence owned by a marital community shall be deemed to be owned by each spouse.

(3) 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.

(4) 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.

(5) No person who, during the preceding calendar year, has regularly occupied the residence 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 residence not in excess of one hundred dollars per month.

(6) 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.

((This section shall expire upon the date the provisions of this 1969 amendatory act which impose a tax upon net income become effective.))

Sec. 14. Section 3, chapter 8, Laws of 1970 ex. sess. and RCW 84.36.129 are each amended to read as follows:

For the purposes of RCW 84.36.128:

(1) The term "residence" shall mean a single family dwelling, including the lot on which the dwelling stands. The term shall also include a single family dwelling situated upon lands the fee of which is vested in the United States or any instrumentality thereof including an Indian tribe or in the state of Washington, and notwithstanding the provisions of RCW 84.04.080, 84.04.090, or RCW 84.40.250, such a residence shall be deemed real property.

(2) The term "preceding calendar year" shall mean the calendar year preceding the year in which the property taxes for which the exemption is claimed are due and payable.

All claims for exemption shall be made and signed by the person entitled to the exemption, by his or her attorney in fact or, in the event the residence of such person is under mortgage or purchase contract requiring accumulation of reserves out of which the holder of the mortgage or contract is required to pay real estate taxes, by such holder, either before a notary public or the county assessor or his deputy in the county where the real property is located. Any person signing a false claim shall be subject to perjury.

Claims for exemption shall be made annually and filed between February 15 and April 30 of the year in which the taxes are payable and solely upon forms as prescribed and furnished by the department of revenue.

((This section shall expire upon the date the provisions of chapter 262, laws of 1969 ex. sess., as now or hereafter amended, which impose a tax upon net income become effective.))

V
Sec. 15. Section 84.52.050, chapter 15, Laws of 1961 as last amended by section 5, chapter 92, Laws of 1970 ex. sess. and RCW 84.52.050 are each amended to read as follows:

Except as hereinafter provided, the aggregate of all tax levies upon real and personal property by the state, municipal corporations, taxing districts and governmental agencies, now existing or hereafter created, shall not exceed twenty-two mills on the dollar of assessed valuation with respect to levies made in 1970 and twenty-one mills on the dollar of assessed valuation with respect to levies made in subsequent years, which assessed valuation shall be fifty percent of the true and fair value of such property in money: PROVIDED, That if an amendment to Article VII, section 2 of the state Constitution, as amended by Amendment 17, imposing a limit on property taxes of, in effect, one percent of the true and fair value of property is approved by the voters, such aggregate of all tax levies shall not exceed twenty mills on the dollar of assessed valuation with respect to levies made in years subsequent to such voter approval; and within and subject to the aforesaid limitation the levy by the state shall not exceed two mills to be used exclusively for the public assistance program of the state and the levy by any county shall not exceed four mills: PROVIDED, That if such constitutional amendment is so approved, the authority of the state to levy not to exceed two mills to be used exclusively for the public assistance program of the state shall be reduced to not to exceed one mill ((; and upon and after the effective date of the provisions of chapter 262, Laws of 1969 ex. sess., which impose a tax upon net income, such authority of the state shall expire and the levy by any county may exceed four mills but shall not exceed five mills)); the levy by or for any school district shall not exceed seven mills: PROVIDED, That in each of the years 1967 and 1968 and 1969 and 1970 and 1971 and 1972 the state shall levy a property tax of four mills of which two mills shall be used exclusively for the public assistance program of the state and of which two mills shall be used exclusively for the support of the common schools; and in such years in which the state shall validly levy a property tax of two mills for the support of the common schools, the levy by or for any school district shall not exceed six mills: PROVIDED FURTHER, That the levy by or for any union high school district shall not exceed two-fifths of the maximum levy permissible for any school district without a vote of the electors thereof and the levy by or for any component district within a union high school district shall not exceed three-fifths of the maximum levy permissible for any school district without a vote of the electors thereof: PROVIDED FURTHER, That the levy against any nonhigh school district for the high school district fund shall not exceed two-fifths of the maximum

levy permissible for any school district without a vote of the electors thereof and the levy by or for any such nonhigh school district shall not exceed the balance of such maximum permissible levy; the levy for any road district shall not exceed five mills; and the levy by or for any city or town shall not exceed seven and one-half mills: PROVIDED FURTHER, That counties of the fifth class and under are hereby authorized to levy from four to five and one-half mills for general county purposes and from three and one-half to five mills for county road purposes if the total levy for both purposes does not exceed nine mills: PROVIDED FURTHER, That counties of the fourth and the ninth class are hereby authorized to levy four and one-half mills until such time as the junior taxing agencies are utilizing all the millage available to them.

Nothing herein shall prevent levies at the rates provided by existing law by or for any port or power district.

Sec. 16. Section 1, chapter 133, Laws of 1967 ex. sess. as amended by section 2, chapter 216, Laws of 1969 ex. sess. and RCW 84.52.065 are each amended to read as follows:

In each of the years 1967 and 1968 and 1969 and 1970 and 1971 and 1972 the state shall levy for collection in 1968 and 1969 and 1970 and 1971 and 1972 and 1973 respectively for the support of common schools of the state a tax of two mills upon the assessed valuation of all taxable property within the state adjusted to fifty percent of true and fair value of such property in money in accordance with the ratio fixed by the state department of revenue. Such levy shall be in addition to the levy ~~((of two mills))~~ for public assistance purposes as provided in RCW 74.04.150 and 84.52.050, as now or hereafter amended.

Sec. 17. Section 74.04.150, chapter 26, Laws of 1959 as last amended by section 3, chapter 92, Laws of 1970 ex. sess. and RCW 74.04.150 are each amended to read as follows:

The state shall levy annually a tax ~~((not to exceed two mills))~~ within the limitations provided for in RCW 84.52.050, as now or hereafter amended, upon the assessed valuation of all taxable property within the state for public assistance purposes.

~~((The authority of the state to make such levy shall expire as provided in RCW 84.52.050, as now or hereafter amended.))~~

NEW SECTION. Sec. 18. The following acts or parts of acts are each repealed:

(1) Sections 1 through 29 and 68, chapter 262, Laws of 1969 ex. sess. and RCW 82.30.010 through 82.30.290;

(2) Section 40, chapter 262, Laws of 1969 ex. sess. and RCW 82.04.437;

(3) Section 41, chapter 262, Laws of 1969 ex. sess. and RCW 82.04.292;

(4) Sections 42 through 59, chapter 262, Laws of 1969 ex. sess. and RCW 82.31.010 through 82.31.170; and

(5) Section 67, chapter 262, Laws of 1969 ex. sess.

NEW SECTION. Sec. 19. 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 immediately.

Passed the House May 5, 1971.

Passed the Senate May 3, 1971.

Approved by the Governor May 21, 1971 with the exception of sections 13, 14, 15 and 16 which are vetoed.

Filed in Office of Secretary of State May 21, 1971.

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

"...The general purpose of this bill is to remove from various provisions of our tax law references to chapter 262, Laws of 1969, ex. sess., the tax reform "package" which did not become effective by reason of the failure of the voters to approve HJR 42 in the 1970 general election.

Veto
Message

Sections 13 and 14 of Engrossed House Bill No. 172 remove these references from RCW 84.36.128 and from RCW 84.36.129, respectively, both statutory provisions relating to the present \$50.00 property tax exemption for low income elderly home owners.

Engrossed Substitute House Bill No. 283, which I have signed today, provides for a new system of property tax relief for low income elderly home owners, and repeals, in section 27(2) and (3) these very same provisions which are amended by sections 13 and 14 of Engrossed House Bill No. 172. In order to avoid any inconsistency between the provisions mentioned above, and specifically in order to avoid any uncertainties as to the effect of the repealers contained in Engrossed Substitute House Bill No. 283, I have vetoed sections 13 and 14 of Engrossed House Bill No. 172.

Sections 15 and 16 of Engrossed House Bill No. 172 consist of Senate amendments purporting to continue the "2 mill shift" in the state property tax to be levied for support of the common schools in 1971 and 1972. However, section 15 does not raise the aggregate millage limitation to 22 mills for levies made in these two years. Such a raise in the aggregate limitation is necessary in order to continue

the 2 mill shift and to continue, at the same time, the present levying authority of other taxing districts.

Veto
Message

Sections 24 and 25 of Engrossed Substitute Senate Bill No. 897 are identical to sections 15 and 16 of Engrossed House Bill No. 172, with the exception that section 24 of Engrossed Substitute Senate Bill No. 897 does raise the aggregate millage limitation for 1971 and 1972. Relying upon the corresponding provisions of Engrossed Substitute Senate Bill No. 897, which correct the technical deficiency in these provisions of Engrossed House Bill No. 172, accordingly I have vetoed sections 15 and 16 of Engrossed House Bill No. 172.

With the exception of the four items discussed above, Engrossed House Bill No. 172 is approved."

CHAPTER 282

[Engrossed House Bill No. 86]

INTERMEDIATE SCHOOL DISTRICTS

AN ACT Relating to education; amending section 1, chapter 176, Laws of 1969 ex. sess. and RCW 28A.21.010; amending section 2, chapter 176, Laws of 1969 ex. sess. and RCW 28A.21.020; amending section 3, chapter 176, Laws of 1969 ex. sess. and RCW 28A.21.030; amending section 4, chapter 176, Laws of 1969 ex. sess. and RCW 28A.21.040; amending section 5, chapter 176, Laws of 1969 ex. sess. and RCW 28A.21.050; amending section 6, chapter 176, Laws of 1969 ex. sess. and RCW 28A.21.060; amending section 7, chapter 176, Laws of 1969 ex. sess., as amended by section 2, chapter 84, Laws of 1970 ex. sess. and RCW 28A.21.070; amending section 8, chapter 176, Laws of 1969 ex. sess. and RCW 28A.21.080; amending section 9, chapter 176, Laws of 1969 ex. sess. as amended by section 1, chapter 53, Laws of 1971 and RCW 28A.21.090; amending section 10, chapter 176, Laws of 1969 ex. sess. and RCW 28A.21.100; amending section 11, chapter 176, Laws of 1969 ex. sess. and RCW 28A.21.110; amending section 12, chapter 176, Laws of 1969 ex. sess. and RCW 28A.21.120; amending section 13, chapter 176, Laws of 1969 ex. sess. and RCW 28A.21.130; amending section 14, chapter 176, Laws of 1969 ex. sess. and RCW 28A.21.140; amending section 16, chapter 176, Laws of 1969 ex. sess. and RCW 28A.21.160; amending section 17, chapter 176, Laws of 1969