

rules and regulations as necessary or proper to carry out the provisions of this chapter. Nothing in this chapter shall be construed to prohibit the commissioner from requiring changes in procedures previously approved by him.

NEW SECTION. Sec. 22. Nothing in this chapter shall prohibit any health maintenance organization from meeting the requirements of any federal law which would authorize such health maintenance organization to receive federal financial assistance or enroll beneficiaries assisted by federal funds.

NEW SECTION. Sec. 23. Any party aggrieved by a decision, order, or regulation made under this chapter by the commissioner shall have the right to have such reviewed pursuant to the provisions of the administrative procedure act, chapter 34.04 RCW.

NEW SECTION. Sec. 24. It is intended that the provisions of this chapter shall be liberally construed to accomplish the purposes provided for and authorized herein.

NEW SECTION. Sec. 25. The legislature shall make a study of the appropriate financial security requirements, investment restrictions, bonding requirements, and the possibilities of providing arbitration proceedings as an acceptable grievance procedure for health maintenance organizations, and shall also study the establishment of a system for classifying contracts for health care coverage by health maintenance organizations and all other health care contractors and insurers according to the benefits they offer and appropriate procedures for quality review.

In all such studies under this section, the legislature may be advised by a committee which shall be generally representative of health maintenance organizations, consumers, professional organizations representing health professionals, and a representative of the commissioner. The results of such studies shall be reported to the governor and to the legislature prior to the first session of the legislature after January 1, 1977.

NEW SECTION. Sec. 26. If any provision of this 1975 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 27. This 1975 amendatory act may be known and cited as "The Washington Health Maintenance Organization Act of 1975".

Passed the House June 9, 1975.

Passed the Senate June 9, 1975.

Approved by the Governor July 2, 1975.

Filed in Office of Secretary of State July 2, 1975.

CHAPTER 291

[Engrossed Substitute Senate Bill No. 2736]

REVENUE AND TAXATION

AN ACT Relating to revenue and taxation; amending section 1, chapter 191, Laws of 1939 as last amended by section 4, chapter 4, Laws of 1973 2nd ex. sess. and RCW 70.12.010; amending section 1, chapter 162, Laws of 1943 as last amended by section 79, chapter 195, Laws of 1973 1st ex.

sess. and RCW 70.32.010; amending section 18, chapter 277, Laws of 1971 as amended by section 81, chapter 195, Laws of 1973 1st ex. sess. and by section 4, chapter 213, Laws of 1973 1st ex. sess. and RCW 70.33.040; amending section 1, chapter 8, Laws of 1970 ex. sess. as last amended by section 1, chapter 90, Laws of 1975 1st ex. sess. and RCW 82.04.050; amending section 82.04.120, chapter 15, Laws of 1961 as amended by section 3, chapter 173, Laws of 1965 ex. sess. and RCW 82.04.120; amending section 82.04.260, chapter 15, Laws of 1961 as last amended by section 5, chapter 281, Laws of 1971 ex. sess. and RCW 82.04.260; amending section 4, chapter 169, Laws of 1974 ex. sess. and RCW 82.04.443; amending section 82.04.460, chapter 15, Laws of 1961 and RCW 82.04.460; amending section 82.08.030, chapter 15, Laws of 1961 as last amended by section 1, chapter 185, Laws of 1974 ex. sess. and RCW 82.08.030; amending section 82.12.030, chapter 15, Laws of 1961 as last amended by section 2, chapter 185, Laws of 1974 ex. sess. and RCW 82.12.030; amending section 84.36.020, chapter 15, Laws of 1961 as last amended by section 1, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.020; amending section 1, chapter 182, Laws of 1974 ex. sess. and RCW 84.36.381; amending section 2, chapter 182, Laws of 1974 ex. sess. and RCW 84.36.383; amending section 4, chapter 182, Laws of 1974 ex. sess. and RCW 84.36.387; amending section 8, chapter 169, Laws of 1974 ex. sess. and RCW 84.36.470; amending section 9, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.815; amending section 11, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.825; amending section 19, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.865; amending section 84.69.020, chapter 15, Laws of 1961 as last amended by section 2, chapter 122, Laws of 1974 ex. sess. and RCW 84.69.020; adding a new section to chapter 191, Laws of 1939 and to chapter 70.12 RCW; adding new sections to chapter 15, Laws of 1961 and to chapter 84.36 RCW; adding a new chapter to Title 84 RCW; creating new sections; repealing section 1, chapter 191, Laws of 1939, section 1, chapter 163, Laws of 1943, section 6, chapter 47, Laws of 1970 ex. sess., section 78, chapter 195, Laws of 1973 1st ex. sess., section 4, chapter 4, Laws of 1973 2nd ex. sess., section 1, chapter ... (ESSB 2736), Laws of 1975 1st ex. sess. and RCW 70.12.010; repealing section 3, chapter 117, Laws of 1959, section 1, chapter 101, Laws of 1961, section 15, chapter 110, Laws of 1967 ex. sess., section 24, chapter 277, Laws of 1971 ex. sess., section 80, chapter 195, Laws of 1973 1st ex. sess. and RCW 70.32.090; repealing section 5, chapter 277, Laws of 1971 ex. sess. and RCW 70.35.010; repealing section 6, chapter 277, Laws of 1971 ex. sess. and RCW 70.35.020; repealing section 7, chapter 277, Laws of 1971 ex. sess. and RCW 70.35.030; repealing section 8, chapter 277, Laws of 1971 ex. sess., section 5, chapter 213, Laws of 1973 1st ex. sess. and RCW 70.35.040; repealing section 9, chapter 277, Laws of 1971 ex. sess. and RCW 70.35.050; repealing section 10, chapter 277, Laws of 1971 ex. sess. and RCW 70.35.060; repealing section 11, chapter 277, Laws of 1971 ex. sess., section 1, chapter 143, Laws of 1972 ex. sess., section 82, chapter 195, Laws of 1973 1st ex. sess. and RCW 70.35.070; repealing section 5, chapter 143, Laws of 1972 ex. sess. and RCW 70.35.075; repealing section 12, chapter 277, Laws of 1971 ex. sess. and RCW 70.35.080; repealing section 13, chapter 277, Laws of 1971 ex. sess. and RCW 70.35.090; repealing section 14, chapter 277, Laws of 1971 ex. sess. and RCW 70.35.100; repealing section 6, chapter 143, Laws of 1972 ex. sess. and RCW 70.35.110; repealing section 18, chapter 288, Laws of 1971 ex. sess. and RCW 84.10.010; prescribing effective dates; and declaring an emergency.

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

Section 1. Section 1, chapter 191, Laws of 1939 as last amended by section 4, chapter 4, Laws of 1973 2nd ex. sess. and RCW 70.12.010 are each amended to read as follows:

Each board of county commissioners shall annually budget and levy as a tax for public health work in its county a sum equal to the amount which would be raised by a levy of (~~four and one-half~~) nine cents per thousand dollars of assessed value against the taxable property in the county, but nothing herein contained shall prohibit a county from obtaining said public health funds from any other source of county revenue or from budgeting additional sums for public health work.

This section shall expire on January 1, 1977.

NEW SECTION. Sec. 2. There is added to chapter 191, Laws of 1939 and to chapter 70.12 RCW a new section to read as follows:

Each county legislative authority shall annually budget and appropriate a sum for public health work.

Sec. 3. Section 1, chapter 162, Laws of 1943 as last amended by section 79, chapter 195, Laws of 1973 1st ex. sess. and RCW 70.32.010 are each amended to read as follows:

Tuberculosis is a communicable disease and tuberculosis control, case finding, prevention and follow up of known cases of tuberculosis represents the basic step in the conquest of this major health problem. In order to carry on such work effectively in accordance with the standards set by the secretary pursuant to RCW 70.33.020, the legislative authority of each county (~~enumerated in RCW 70.33-040~~) shall budget (~~and shall levy annually a tax in~~) a sum (~~equal to the amount which would be raised by a levy of six and one-quarter cents per thousand dollars of assessed value against the taxable property in any county enumerated in RCW 70.33.040~~;) to be used for the control of tuberculosis, including case finding, prevention and follow up of known cases of tuberculosis (~~:- PROVIDED, That upon certification of the secretary that any such county has an unexpended balance from such levy, over and above the amount required for adequate tuberculosis control, including case finding, prevention and follow up of known cases of tuberculosis within such county, the legislative authority may budget and reappropriate the same for such tuberculosis control for the ensuing year, or it may allocate from time to time such unexpended balance, or any portion thereof, to the county health department for use in furtherance of other communicable disease prevention or control, or as provided in RCW 70.32.090 as now or hereafter amended. The sum herein provided for, and any income that may accrue from miscellaneous receipts in connection with the tuberculosis control program of such county, shall be placed in the county treasury in a special fund to be known as the tuberculosis fund, and obligations incurred for the tuberculosis control program shall be paid from said fund by the county treasurer in the same manner as general county obligations are paid. The county auditor shall furnish to the legislative authority and the department a monthly report of receipts and disbursements in the tuberculosis fund, which report shall also show balances of cash on hand~~).

Sec. 4. Section 18, chapter 277, Laws of 1971 as amended by section 81, chapter 195, Laws of 1973 1st ex. sess. and by section 4, chapter 213, Laws of 1973 1st ex. sess. and RCW 70.33.040 are each amended and reenacted to read as follows:

In order to maintain adequate tuberculosis hospital facilities and to provide for adequate hospitalization, nursing home and other appropriate facilities and services for the residents of the state of Washington who are or may be suffering from tuberculosis and to assure their proper care (~~pursuant to this chapter~~), the standards set by the secretary pursuant to RCW 70.33.020 and (~~RCW 70.32.010~~;) 70.32.050(;) and 70.32.060 (~~and 70.32.090~~), the legislative authority of (~~Clallam, Jefferson, Kitsap, Mason, Grays Harbor, Thurston, Pacific, Lewis, Wahkiakum, Cowlitz, Clark, Skamania, Klickitat, Pierce, King, Snohomish, Skagit, Whatcom, San Juan and Island counties~~) each county shall (~~levy annually a tax in the sum equal to the amount which would be raised by a levy of six and one-quarter cents per thousand dollars of assessed value against the taxable property~~) budget annually a sum to provide such services in the county.

If such counties desire to receive state services, they may elect to utilize funds (~~collected~~) pursuant to this section for the purpose of contracting with the state

upon agreement by the state for the cost of providing tuberculosis hospitalization and/or outpatient treatment including laboratory services, or such funds may be retained by the county for operating its own services for the prevention and treatment of tuberculosis or any other community health purposes authorized by law. None of such counties shall be required to make any payments to the state or any other agency from these funds except upon the express consent of the county legislative authority: PROVIDED, That if the counties do not comply with the promulgated standards of the department the secretary shall take action to provide such required services and to charge the affected county directly for the provision of these services by the state.

Sec. 5. Section 1, chapter 8, Laws of 1970 ex. sess. as last amended by section 1, chapter 90, Laws of 1975 1st 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, subsections (2) and (7) and RCW 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 also excluding sales of laundry service to members by nonprofit associations composed exclusively of nonprofit hospitals, 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; and for purposes of this section the term "janitorial services" shall mean those cleaning and caretaking services ordinarily performed by commercial janitor service businesses including, but not limited to, wall and window washing, floor cleaning and waxing, and the cleaning in place of rugs, drapes and upholstery. The term "janitorial services" does not include painting, papering, repairing, furnace or septic tank cleaning, snow removal or sandblasting; (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 RCW; (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 street, place, road, highway, easement, right of way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state or by the United States and which is used or to be used primarily for foot or vehicular traffic including 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.

The term shall not include the sale of or charge made for (~~tangible personal property consumed and/or for~~) labor and services rendered in respect to the constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for the United States, any instrumentality thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW, including the installing, or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation. Nor shall the term include the sale of services or charges made for the clearing of land and the moving of earth of or for the United States, any instrumentality thereof, or a county or city housing authority.

Sec. 6. Section 82.04.120, chapter 15, Laws of 1961 as amended by section 3, chapter 173, Laws of 1965 ex. sess. and RCW 82.04.120 are each amended to read as follows:

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

"To manufacture" shall not include activities which consist of cutting, grading, or ice glazing sea-food which has been cooked, frozen or canned outside this state.

Sec. 7. Section 82.04.260, chapter 15, Laws of 1961 as last amended by section 5, chapter 281, Laws of 1971 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.

(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.

(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.

(9) Upon every person engaging within this state in the business of making sales, at retail or wholesale, of nuclear fuel assemblies manufactured by that person, as to such persons the amount of tax with respect to such business shall be equal to the gross proceeds of sales of the assemblies multiplied by the rate of twenty-five one-hundredths of one percent.

(10) Upon every person engaging within this state in the business of manufacturing nuclear fuel assemblies, 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 twenty-five one-hundredths of one percent.

(11) Upon every person engaging within this state in the business of acting as a travel agent; as to such persons the amount of the tax with respect to such activities shall be equal to the gross income derived from such activities multiplied by the rate of twenty-five one-hundredths of one percent.

Sec. 8. Section 4, chapter 169, Laws of 1974 ex. sess. and RCW 82.04.443 are each amended to read as follows:

For the purposes of this chapter:

"Business inventories" means all livestock and means personal property acquired or produced solely for the purpose of sale, or for the purpose of consuming such property in producing for sale a new article of tangible personal property of which such property becomes an ingredient or component. Business inventories shall not mean personal property acquired or produced for the purpose of lease or rental. It shall include inventories of finished goods and work in process.

"Successor" shall have the meaning given to it in RCW 82.04.180.

Sec. 9. Section 82.04.460, chapter 15, Laws of 1961 and RCW 82.04.460 are each amended to read as follows:

(1) Any person rendering services taxable under RCW 82.04.290 and maintaining places of business both within and without this state which contribute to the rendition of such services shall, for the purpose of computing tax liability under ~~((this chapter))~~ RCW 82.04.290, apportion to this state that portion of his gross income which is derived from services rendered within this state. Where such apportionment cannot be accurately made by separate accounting methods, the taxpayer shall apportion to this state that proportion of his total income which the cost of doing business within the state bears to the total cost of doing business both within and without the state.

(2) Notwithstanding the provision of subsection (1) of this section, persons doing business both within and without the state who receive gross income from service charges, as defined in RCW 63.14.010(8) (relating to amounts charged for granting the right or privilege to make deferred or installment payments) or who receive gross income from engaging in business as financial institutions within the scope of chapter 82.14A RCW (relating to city taxes on financial institutions) shall apportion or allocate gross income taxable under RCW 82.04.290 to this state pursuant to rules promulgated by the department consistent with uniform rules for apportionment or allocation developed by the states.

Sec. 10. Section 82.08.030, chapter 15, Laws of 1961 as last amended by section 1, chapter 185, Laws of 1974 ex. sess. and RCW 82.08.030 are each amended to read as follows:

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

(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 RCW: PROVIDED, That the exemption provided by this paragraph shall not be construed as providing any exemption from the tax imposed by chapter 82.12 RCW;

(2) Sales made by persons in the course of business activities with respect to which tax liability is specifically imposed under chapter 82.16 RCW, 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 RCW: 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 RCW;

(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 auctioneers of tangible personal property (including household goods) which have been used in conducting a farm activity, when the seller thereof is a farmer and the sale is held or conducted upon a farm and not otherwise;

(8) Sales to corporations which have been incorporated under any act of the congress of the United States and whose principal purposes are to furnish volunteer aid to members of armed forces of the United States and also to carry on a system of national and international relief and to apply the same in mitigating the sufferings caused by pestilence, famine, fire, floods, and other national calamities and to devise and carry on measures for preventing the same;

(9) Sales of purebred livestock for breeding purposes where the animals are registered in a nationally recognized breed association; sales of cattle and milk cows used on the farm;

(10) Sales of tangible personal property (other than the type referred to in subdivision (11) hereof) for use by the purchaser in connection with the business of operating as a private or common carrier by air, rail, or water in interstate or foreign commerce: PROVIDED, That any actual use of such property in this state shall, at the time of such actual use, be subject to the tax imposed by chapter 82.12 RCW;

(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 whether owned by or leased with or without drivers and used by the holder of a carrier permit issued by the Interstate Commerce Commission authorizing transportation by motor vehicle across the boundaries of this state, in the course of constructing, repairing, cleaning, altering, or improving the same; also sales of or charges made for labor and services rendered in respect to such constructing, repairing, cleaning, altering, or improving;

(12) Sales of motor vehicles and trailers to be used for the purpose of transporting therein persons or property for hire in interstate or foreign commerce whether such use is by the owner or whether such motor vehicles and trailers are leased to the user with or without drivers: PROVIDED, That the purchaser or user 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 nonresidents 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 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 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.

(26) Sales to one political subdivision by another political subdivision directly or indirectly arising out of or resulting from the annexation or incorporation of any part of the territory of one political subdivision by another.

(27) The renting or leasing of motor vehicles and trailers to a nonresident of this state for use exclusively in transporting persons or property across the boundaries of this state and in intrastate operations incidental thereto when such motor vehicle or trailer is registered and licensed in a foreign state and for purposes of this exemption the term "nonresident" shall apply to a renter or lessee who has one or more places of business in this state as well as in one or more other states but the exemption for nonresidents shall apply only to those vehicles which are most frequently dispatched, garaged, serviced, maintained and operated from the renter's or lessee's place of business in another state.

(28) Sales of prescription drugs. The term "prescription drugs" shall include any medicine, drug, prescription lens, or other substance other than food for use in the diagnosis, cure, mitigation, treatment, or prevention of disease or other ailment (~~in humans ordered by the written direction of a dentist, physician, or other person duly authorized by law of this state or laws of another jurisdiction to issue such written order~~) in humans ordered by (a) the written prescription to a pharmacist by a practitioner authorized by law of this state or laws of another jurisdiction to issue prescriptions, or (b) upon an oral prescription of such practitioner which is reduced promptly to writing and filed by a duly licensed pharmacist, or (c) by refilling any such written or oral prescription if such refilling is authorized by the prescriber either in the original prescription or by oral order which is reduced promptly to writing and filed by the pharmacist, or (d) physicians or optometrists by way of written directions and specifications for the preparation, grinding, and fabrication of lenses intended to aid or correct visual defects or anomalies of humans.

(29) Sales of returnable containers for beverages and foods, including but not limited to soft drinks, milk, beer, and mixers.

(30) Sales of insulin, prosthetic devices, and medically prescribed oxygen.

Sec. 11. Section 82.12.030, chapter 15, Laws of 1961 as last amended by section 2, chapter 185, Laws of 1974 ex. sess. and RCW 82.12.030 are each amended to read as follows:

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 acquired by lease, gift or bailment if the sale thereof to, or the use thereof by, the present user or his bailor or donor has already been subjected to the tax under chapter 82.08 or 82.12 RCW 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 RCW 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 RCW;

(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 a nonresident of this state of any motor vehicle or trailer used exclusively in transporting persons or property across the boundaries of this state and in intrastate operations incidental thereto when such motor vehicle or trailer is registered and licensed in a foreign state and in respect to the use by a nonresident of this state of any motor vehicle or trailer so registered and licensed and used within this state for a period not exceeding fifteen consecutive days under such rules as the department of revenue shall adopt: PROVIDED, That under circumstances determined to be justifiable by the department of revenue a second fifteen day period may be authorized consecutive with the first fifteen day period; and for the purposes of this exemption the term "nonresident" as used herein, shall include a user who has one or more places of business in this state as well as in one or more other states, but the exemption for nonresidents shall apply only to those vehicles which are most frequently dispatched, garaged, serviced, maintained, and operated from the user's place of business in another state; 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 whether owned by or leased with or without driver to the permit holder and 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 authority 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 whether such motor vehicle or trailer is owned by or leased with or without driver to the permit holder;

(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 RCW: 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 (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 RCW or chapter 82.12 RCW;

(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 tangible personal property held for sale and displayed in single trade shows for a period not in excess of thirty days, the primary purpose of which is to promote the sale of products or services.

(21) In respect to the use of pollen.

(22) In respect to the use of the personal property of one political subdivision by another political subdivision directly or indirectly arising out of or resulting from the annexation or incorporation of any part of the territory of one political subdivision by another.

(23) In respect to the use of prescription drugs. The term "prescription drugs" shall include any medicine, drug, prescription lens, or other substance other than food for use in the diagnosis, cure, mitigation, treatment, or prevention of disease

or other ailment ((in humans ordered by the written direction of a dentist, physician, or other person duly authorized by law of this state or laws of another jurisdiction to issue such written order)) in humans ordered by (a) the written prescription to a pharmacist by a practitioner authorized by law of this state or laws of another jurisdiction to issue prescriptions, or (b) upon an oral prescription of such practitioner which is reduced promptly to writing and filed by a duly licensed pharmacist, or (c) by refilling any such written or oral prescription if such refilling is authorized by the prescriber either in the original prescription or by oral order which is reduced promptly to writing and filed by the pharmacist, or (d) physicians or optometrists by way of written directions and specifications for the preparation, grinding, and fabrication of lenses intended to aid or correct visual defects or anomalies of humans.

(24) In respect to the use of returnable containers for beverages and foods, including but not limited to soft drinks, milk, beer, and mixers.

(25) In respect to the use of insulin, prosthetic devices, and medically prescribed oxygen.

Sec. 12. Section 84.36.020, chapter 15, Laws of 1961 as last amended by section 1, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.020 are each amended to read as follows:

The following property shall be exempt from taxation:

All lands, and buildings required for necessary administration and maintenance, used, or to the extent used, exclusively for public burying grounds or cemeteries without discrimination as to race, color, national origin or ancestry;

All churches and the ground, not exceeding five acres in area, upon which a church of any nonprofit recognized religious denomination is or shall be built, together with a parsonage (~~and~~), convent, and buildings and improvements required for the maintenance and safeguarding of such property. The area exempted shall in any case include all ground covered by the church, parsonage (~~and~~), convent, and buildings and improvements required for the maintenance and safeguarding of such property and the structures and ground necessary for street access, parking, light, and ventilation, but the area of unoccupied ground exempted in such cases, in connection with church, parsonage, (~~and~~) convent, and buildings and improvements required for the maintenance and safeguarding of such property, shall not exceed the equivalent of one hundred twenty by one hundred twenty feet except where additional unoccupied land may be required to conform with state or local codes, zoning, or licensing requirements. The parsonage and convent need not be on land contiguous to the church property. To be exempt the property must be wholly used for church purposes: PROVIDED, That the loan or rental of property otherwise exempt under this paragraph to a nonprofit organization, association, or corporation, or school for use for an eleemosynary activity shall not nullify the exemption provided in this paragraph if the rental income, if any, is reasonable and is devoted solely to the operation and maintenance of the property.

NEW SECTION. Sec. 13. The real and personal property of the administrative offices of non-profit recognized religious organizations shall be exempt to the extent that the property is used for the administration of the religious programs of

the organization and such other programs as would be exempt under RCW 84.36.020 and 84.36.030 as now or hereafter amended.

Sec. 14. Section 1, chapter 182, Laws of 1974 ex. sess. and RCW 84.36.381 are each amended to read as follows:

A person shall be exempt from any legal obligation to pay all or a portion of the amount of excess and regular real property taxes due and payable in the year following the year in which a claim is filed in accordance with the following conditions:

(1) The property taxes must have been imposed upon a residence which has been regularly occupied by the person claiming the exemption during the two calendar years preceding the year in which the exemption claim is filed; or the property taxes must have been imposed upon a residence which was occupied by the person claiming the exemption as a principal place of residence as of January 1st of the year for which the claim is filed and the person claiming the exemption must also have been a resident of the state of Washington for the last three calendar years preceding the year in which the claim is filed: **PROVIDED**, That any person who sells, transfers, or is displaced from his or her residence may transfer his or her exemption status to a replacement residence, but no claimant shall receive an exemption on more than one residence in any year((:));

(2) The person claiming the exemption must have owned, at the time of filing, in fee, or by contract purchase, the residence on which the property taxes have been imposed or if the person claiming the exemption lives in a cooperative housing association, corporation, or partnership, such person must own a share therein representing the unit or portion of the structure in which he or she resides. For purposes of this subsection, a residence owned by a marital community shall be deemed to be owned by each spouse((:));

(3) The person claiming the exemption must have been sixty-two years of age or older on January 1st of the year in which the exemption claim is filed, or must have been, at the time of filing, retired from regular gainful employment by reason of physical disability((:));

(4) The amount that the person shall be exempt from an obligation to pay shall be calculated, on the basis of the combined income, from all sources whatsoever, of the person claiming the exemption and his or her spouse for the preceding calendar year, in accordance with the following schedule:

Income Range	Percentage of Excess Levies Exemption
\$5,000 or less	One hundred percent
\$5,001 - \$6,000	Fifty percent

PROVIDED, HOWEVER, That, in addition, any person, who otherwise qualifies under the provisions of this section, and is within the income range of four thousand dollars or less shall be exempt from any obligation to pay regular property taxes on up to five thousand dollars of valuation of his or her residence: **PROVIDED FURTHER**, That only two-thirds of any social security benefits, federal civil service retirement, or railroad retirement pension shall be considered as income for the purposes of this section: **AND PROVIDED FURTHER**, That the gain realized by any person from the sale, transfer, or upon being displaced from

his or her residence shall not be considered as income for the purposes of this section if reinvested in a replacement residence within eighteen months of its realization.

Sec. 15. Section 2, chapter 182, Laws of 1974 ex. sess. and RCW 84.36.383 are each amended to read as follows:

As used in this chapter, except where the context clearly indicates a different meaning:

(1) The term "residence" shall mean a single family dwelling unit whether such unit be separate or part of a multiunit dwelling, including the land on which such dwelling stands not to exceed one acre. The term shall also include a share ownership in a cooperative housing association, corporation, or partnership if the person claiming exemption can establish that his or her share represents the specific unit or portion of such structure in which he or she resides. 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 84.40.250, such a residence shall be deemed real property.

(2) The term "real property" except for the purposes of chapters 84.56 and 84.60 RCW, shall also include a mobile home which has substantially lost its identity as a mobile unit by virtue of its being fixed in location upon land owned or leased by the owner of the mobile home and placed on a foundation (posts or blocks) with fixed pipe, connections with sewer, water, or other utilities.

(3) The term "preceding calendar year" shall mean the calendar year preceding the year in which the claim for exemption is to be made.

(4) "Department" shall mean the state department of revenue.

Sec. 16. Section 4, chapter 182, Laws of 1974 ex. sess. and RCW 84.36.387 are each amended to read as follows:

(1) 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 or by the owner, either before two witnesses or the county ~~((treasurer))~~ assessor or his deputy in the county where the real property is located: PROVIDED, That if a claim for exemption is made by a person living in a cooperative housing association, corporation, or partnership, such claim shall be made and signed by the person entitled to the exemption and by the authorized agent of such cooperative.

(2) If the taxpayer is unable to submit his own claim, the claim shall be submitted by a duly authorized agent or by a guardian or other person charged with the care of the person or property of such taxpayer.

(3) Any person signing a false claim with the intent to defraud or evade the payment of any tax shall be guilty of the offense of perjury.

(4) The tax liability of a cooperative housing association, corporation, or partnership shall be reduced by the amount of tax exemption to which a claimant residing therein is entitled and such cooperative shall reduce any amount owed by the claimant to the cooperative by such exact amount of tax exemption or, if no

amount be owed, the cooperative shall make payment to the claimant of such exact amount of exemption.

Sec. 17. Section 8, chapter 169, Laws of 1974 ex. sess. and RCW 84.36.470 are each amended to read as follows:

~~((All animals, birds, or insects, and all agricultural crops,))~~ Any agricultural or horticultural produce or crop, including any animal, bird, or insect, or the milk, eggs, wool, fur, meat, honey, or other substance obtained therefrom grown or produced for sale by any person upon his own lands or upon lands in which he has a present right of possession who is exempted from payment of business and occupation tax pursuant to RCW 82.04.330 as now or hereafter amended shall be assessed for the purposes of ad valorem taxes according to the following schedule:

Commencing with assessment as of January 1, 1975, for taxes due in 1976 the assessment level shall be seventy-five percent of true and fair value.

Commencing with assessment as of January 1, 1976, for taxes due in 1977 the assessment level shall be seventy percent of true and fair value.

Commencing with assessment as of January 1, 1977, for taxes due in 1978 the assessment level shall be sixty percent of true and fair value.

Commencing with assessment as of January 1, 1978, for taxes due in 1979 the assessment level shall be fifty percent of true and fair value.

Commencing with assessment as of January 1, 1979, for taxes due in 1980 the assessment level shall be forty percent of true and fair value.

Commencing with assessment as of January 1, 1980, for taxes due in 1981 the assessment level shall be thirty percent of true and fair value.

Commencing with assessment as of January 1, 1981, for taxes due in 1982 the assessment level shall be twenty percent of true and fair value.

Commencing with assessment as of January 1, 1982, for taxes due in 1983 the assessment level shall be ten percent of true and fair value.

Commencing with assessment as of January 1, 1983, for taxes due in 1984 such inventories shall be fully exempt under chapter 84.36 RCW.

Commencing with January 1, 1983, assessments for taxes due in 1984, taxpayers shall not be required to report, or assessors to list, the inventories covered by this phase out exemption.

Nothing in this section shall be construed to remove or otherwise affect any exemption from assessment granted by RCW 84.44.060.

Sec. 18. Section 9, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.815 are each amended to read as follows:

In order to qualify ~~((or requalify))~~ for exempt status for real or personal property pursuant to the provisions of chapter 84.36 RCW, as now or hereafter amended, all foreign national governments, churches, cemeteries, nongovernmental nonprofit corporations, organizations, and associations, private schools or colleges, and soil and water conservation districts ~~((must))~~ shall file an ((annual renewal)) initial application ((verifying the facts in the original claim)) on or before March 31 with the state department of revenue. All ~~((application forms shall be signed by an authorized agent of the applicant. Such))~~ applications ((must)) shall be filed on forms prescribed by the department ((of revenue no later than March 31 of each year. The department of revenue may provide by rule that such

applications may be available at and filed with each county assessor and forwarded to the department of revenue for review)) and shall be signed by an authorized agent of the applicant.

In order to requalify for exempt status, such applicants except nonprofit cemeteries shall file a renewal application on or before March 31 of the fourth year following the date of such initial application and on or before March 31 of every fourth year thereafter. An applicant previously granted exemption shall annually file on forms prescribed by the department an affidavit certifying the exempt status of the real or personal property owned by the exempt organization: PROVIDED, That where an applicant previously granted exemption acquires or otherwise converts real property to exempt status, such applicant shall file a renewal application no later than sixty days following the conversion of such real property to exempt status. Failure to file a renewal application within sixty days of conversion of such real property to exempt status shall nullify the exemption otherwise available for such property in the year of such conversion.

Sec. 19. Section 11, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.825 are each amended to read as follows:

An application fee of thirty-five dollars for each ~~((annual))~~ initial and renewal application ((for exemption)) shall be required and shall be deposited within the general fund. Applications made for assessment year 1974 ((with)), if approved, shall be considered initial applications whether or not an exemption has previously been approved.

Sec. 20. Section 19, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.865 are each amended to read as follows:

The department of revenue of the state of Washington shall make such rules and regulations consistent with chapter 34.04 RCW and the provisions of this ~~((1973 amendatory act))~~ chapter as shall be necessary or desirable to permit its effective administration.

Sec. 21. Section 84.69.020, chapter 15, Laws of 1961 as last amended by section 2, chapter 122, Laws of 1974 ex. sess. and RCW 84.69.020 are each amended to read as follows:

On order of the board of county commissioners or other county legislative authority of any county, ad valorem taxes paid before or after delinquency shall be refunded if they were:

- (1) Paid more than once; or
- (2) Paid as a result of manifest error in description; or
- (3) Paid as a result of a clerical error in extending the tax rolls; or
- (4) Paid as a result of other clerical errors in listing property; or
- (5) Paid with respect to improvements which did not exist on assessment date;

or

- (6) Paid under levies or statutes adjudicated to be illegal or unconstitutional;

or

(7) Paid as a result of mistake, inadvertence, or lack of knowledge by any person exempted from paying real property taxes or a portion thereof pursuant to ~~((RCW 84.36.128 or pursuant to RCW 84.36.370 and 84.36.380))~~ RCW 84.36.381 through 84.36.389, as now or hereafter amended; or

(8) Paid or overpaid as a result of mistake, inadvertence, or lack of knowledge by either a public official or employee or by any person paying the same or paid as a result of mistake, inadvertence, or lack of knowledge by either a public official or employee or by any person paying the same with respect to real property in which the person paying the same has no legal interest; or

(9) Paid on the basis of an assessed valuation which was appealed to the county board of equalization and ordered reduced by the board; or

(10) Paid on the basis of an assessed valuation which was appealed to the state board of tax appeals and ordered reduced by the board: PROVIDED, That the amount refunded under subsections (9) and (10) shall only be for the difference between the tax paid on the basis of the appealed valuation and the tax payable on the valuation adjusted in accordance with the board's order.

(11) Paid as a state property tax levied upon county assessed property, the assessed value of which has been established by the state board of tax appeals for the year of such levy: PROVIDED, HOWEVER, That the amount refunded shall only be for the difference between the state property tax paid and the amount of state property tax which would, when added to all other property taxes within the one percent limitation of Article VII, section 2 (Amendment 59) of the state Constitution equal one percent of the assessed value established by the board.

No refunds under the provisions of this section shall be made because of any error in determining the valuation of property, except as authorized in subsection (9), (10), and (11).

NEW SECTION. Sec. 22. There is added to chapter 15, Laws of 1961 and to chapter 84.36 RCW a new section to read as follows:

The following property shall be exempt from taxation: The real and personal property of a nonprofit fair association that sponsors or conducts a fair or fairs which receive support from revenues collected pursuant to RCW 67.16.100 and allocated by the director of the department of agriculture. The loan or rental of property otherwise exempt under this section to a nonprofit organization, association, or corporation, or municipal corporation shall not nullify the exemption provided in this section if the rental income, if any, is reasonable and is devoted solely to the operation and maintenance of the property. The loan or rental of property otherwise exempt under this section to a private concessionaire or to any person for use as a concession in conjunction with activities permitted under this section shall not nullify the exemption if the concession charges are subject to agreement and the rental income, if any, is reasonable and is devoted solely to the operation and maintenance of the property.

NEW SECTION. Sec. 23. There is added to chapter 15, Laws of 1961 and to chapter 84.36 RCW a new section to read as follows:

All property owned in fee or by contract purchase by any nonprofit corporation or association which is available without charge for research by, or for the training of, doctors, nurses, laboratory technicians, hospital administrators and staff or other hospital personnel, and which otherwise is used exclusively for medical research, the results of which will be available without cost to the public, shall be exempt from ad valorem taxation.

NEW SECTION. Sec. 24. The following acts or parts of acts are each hereby repealed:

(1) Section 1, chapter 191, Laws of 1939, section 1, chapter 163, Laws of 1943, section 6, chapter 47, Laws of 1970 ex. sess., section 78, chapter 195, Laws of 1973 1st ex. sess., section 4, chapter 4, Laws of 1973 2nd ex. sess., section 1, chapter ... (ESSB 2736), Laws of 1975 1st ex. sess. and RCW 70.12.010;

(2) Section 3, chapter 117, Laws of 1959, section 1, chapter 101, Laws of 1961, section 15, chapter 110, Laws of 1967 ex. sess., section 24, chapter 277, Laws of 1971 ex. sess., section 80, chapter 195, Laws of 1973 1st ex. sess. and RCW 70.32.090;

(3) Section 5, chapter 277, Laws of 1971 ex. sess. and RCW 70.35.010;

(4) Section 6, chapter 277, Laws of 1971 ex. sess. and RCW 70.35.020;

(5) Section 7, chapter 277, Laws of 1971 ex. sess. and RCW 70.35.030;

(6) Section 8, chapter 277, Laws of 1971 ex. sess., section 5, chapter 213, Laws of 1973 1st ex. sess. and RCW 70.35.040;

(7) Section 9, chapter 277, Laws of 1971 ex. sess. and RCW 70.35.050;

(8) Section 10, chapter 277, Laws of 1971 ex. sess. and RCW 70.35.060;

(9) Section 11, chapter 277, Laws of 1971 ex. sess., section 1, chapter 143, Laws of 1972 ex. sess., section 82, chapter 195, Laws of 1973 1st ex. sess. and RCW 70.35.070;

(10) Section 5, chapter 143, Laws of 1972 ex. sess. and RCW 70.35.075;

(11) Section 12, chapter 277, Laws of 1971 ex. sess. and RCW 70.35.080;

(12) Section 13, chapter 277, Laws of 1971 ex. sess. and RCW 70.35.090;

(13) Section 14, chapter 277, Laws of 1971 ex. sess. and RCW 70.35.100;

(14) Section 6, chapter 143, Laws of 1972 ex. sess. and RCW 70.35.110; and

(15) Section 18, chapter 288, Laws of 1971 ex. sess. and RCW 84.10.010.

NEW SECTION. Sec. 25. Any moneys for such tuberculosis hospital district purposes not theretofore expended upon the effective date of section 24 of this 1975 amendatory act and not used in the decommissioning of the tuberculosis hospital facilities to be abolished as provided in section 24 of this 1975 amendatory act shall be distributed pro rata as between the counties of Okanogan, Chelan, Kittitas, Yakima, Benton, Walla Walla, Franklin, Grant, Douglas, Ferry, Lincoln, Adams, Columbia, Asotin, Garfield, Whitman, Spokane, Stevens and Pend Oreille, to be used by such counties for health purposes in such manner as they shall determine. The department of social and health services shall aid in the effective decommissioning of such tuberculosis hospital facilities to be so abolished by January 1, 1977 in such manner as the secretary thereof shall determine and as necessary to carry out the purposes of sections 24 and 25 of this 1975 amendatory act.

NEW SECTION. Sec. 26. Savings once deemed adequate for retirement living have been rendered inadequate by increased tax rates, increased property values, and the failure of pension systems to adequately reflect such factors. It is therefore deemed necessary that the legislature, in addition to that tax exemption as provided for in RCW 84.36.381 through 84.36.389 as now or hereafter amended, allow retired persons to defer payment of special assessments on their residences, and to defer their real property tax obligations on their residences, an amount of

up to eighty percent of their equity in said property. This deferral program is intended to assist retired persons in maintaining their dignity and a reasonable standard of living by residing in their own homes, providing for their own needs, and managing their own affairs without requiring assistance from public welfare programs.

NEW SECTION. Sec. 27. Unless a different meaning is plainly required by the context, the following words and phrases as hereinafter used in this chapter shall have the following meanings:

(1) "Claimant" means a retired person who elects to defer payment of the special assessments and/or real property taxes accrued on his residence by filing a declaration to defer as provided by this chapter.

When two individuals of a household file or seek to file a declaration to defer, they may determine between them as to who the claimant shall be.

(2) "Consumer price index" shall mean the consumer price index for urban wage earners and clerical workers as compiled by the bureau of labor statistics of the United States department of labor.

(3) "Department" means the state department of revenue.

(4) "Equity value" means the amount by which the fair market value of a residence as determined from the records of the county assessor exceeds the total amount of any liens or other obligations against the property.

(5) "Owned" includes possession under a contract of sale, deed of trust, or tenancy in common.

(6) "Special assessment" means the charge or obligation imposed by a city, town, county, or other municipal corporation upon property specially benefited by a local improvement.

(7) "Real property taxes" means ad valorem property taxes levied on a residence in this state in the preceding calendar year. If a residence is an integral part of a larger unit such as a farm, or a multi-purpose or multi-dwelling building, real property taxes shall be that percentage of the total property taxes accrued as the value of the residence is of the total value of the unit. For purposes of this paragraph "unit" refers to the parcel of property covered by a single tax statement of which the residence is a part.

(8) "Preceding calendar year" shall mean the calendar year preceding the year in which the application for deferral of special assessment and/or real property taxes is made.

(9) The term "residence" shall mean a single family dwelling unit whether such unit be separate or part of a multiunit dwelling, including the land on which such dwelling stands not to exceed one acre per unit. 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 or its municipal corporations, and notwithstanding the provisions of RCW 84.04.080, 84.04.090, or 84.40.250, such a residence shall be deemed real property.

(10) The term "real property", except for the purposes of chapters 84.56 and 84.60 RCW, shall also include a mobile home which has substantially lost its identity as a mobile unit by virtue of its being fixed in location upon land owned

or leased by the owner of the mobile home and placed on a foundation (posts or blocks) with fixed pipe, connections with sewer, water or other utilities.

NEW SECTION. Sec. 28. A retired person may elect to defer payment of special assessments and/or real property taxes on his residence up to eighty percent of the amount of his equity value in said property if the following conditions are met:

(1) The special assessments and/or property taxes must have been imposed upon a residence: (a) Which has been regularly occupied by the person claiming the deferral during the two calendar years preceding the year in which the deferral claim is filed; or (b) which was occupied by the person claiming the deferral as a principal place of residence as of January 1st of the year in which the claim is filed and the person claiming the deferral must also have been a resident of the state of Washington for the last three calendar years preceding the year in which the claim is filed.

(2) The claimant must have owned, at the time of filing, the residence on which the special assessment and/or real 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) The claimant must have been sixty-two years of age or older on January 1st of the year in which the deferral claim is filed, or must have been, at the time of filing, retired from regular gainful employment by reason of physical disability.

(4) The claimant and/or his or her spouse must not have received income of the type referred to in RCW 84.36.381, as now or hereafter amended, during the preceding calendar year which exceeds the following amounts:

(a) For claims filed in 1976—eight thousand dollars;

(b) For claims filed in subsequent years, an amount equal to the previous year's income limit adjusted by the percentage change in the consumer price index for the twelve month period ending September 31st of the previous year.

(5) The claimant must have and keep in force fire and casualty insurance in sufficient amount to protect the interest of the state in the claimant's equity value.

(6) In the case of special assessment deferral, claimant must have opted for payment of such special assessments on the installment method if such method was available.

NEW SECTION. Sec. 29. (1) Each claimant electing to defer payment of special assessments and/or real property tax obligations under this chapter shall file with the county assessor, on forms prescribed by the department and supplied by the assessor, a written declaration thereof. The declaration to defer special assessments and/or real property taxes for any year shall be filed prior to July 1st each year for deferral for the following year.

(2) The declaration shall designate the property to which the deferral applies, and shall include a statement setting forth (a) a list of all members of the claimant's household, (b) the claimant's equity value in his residence, (c) facts establishing the eligibility for the deferral under the provisions of this chapter, and (d) any other relevant information required by the rules of the department. Each copy shall be signed by the claimant subject to the penalties as provided in chapter 9.72 RCW for the false swearing. The first declaration to defer filed in a county shall include proof of the claimant's age acceptable to the assessor.

(3) The county assessor shall determine if each claimant shall be granted a deferral for each year but the claimant shall have the right to appeal this determination to the county board of equalization whose decision shall be final as to the deferral of that year.

NEW SECTION. Sec. 30. (1)(a) Declarations to defer property taxes for all years following the first year may be made by filing with the county assessor on or before July 1st a renewal form in duplicate, prescribed by the department of revenue and supplied by the county assessor, which affirms the continued eligibility of the claimant.

(b) In January of each year, the county assessor shall send to each claimant who has been granted deferral of ad valorem taxes for the previous year renewal forms and notice to renew.

(2) Declarations to defer special assessments shall be made by filing with the assessor on or before July 1st of any year on a form to be prescribed by the department of revenue and supplied by the county assessor. Upon approval, the full amount of special assessments upon such claimant's residence shall be deferred for the following year but not to exceed an amount equal to eighty percent of the claimant's equity value in said property.

NEW SECTION. Sec. 31. If the claimant is unable to make his own declaration of deferral, it may be made by a duly authorized agent or by a guardian or other person charged with care of the person or property of such claimant.

NEW SECTION. Sec. 32. If the claimant declaring his intention to defer special assessments or real property tax obligations under this chapter ceases to reside permanently on the property for which the declaration to defer is made between the date of filing the declaration and December 15th of that year, the deferral otherwise allowable under this chapter shall not be allowed on such tax roll. However, this section shall not apply where the claimant dies, leaving a spouse surviving, who is also eligible for deferral of special assessment and/or property taxes.

NEW SECTION. Sec. 33. A person's right to defer special assessments and/or property tax obligations on his residence shall not be reduced by contract or agreement, from the effective date of this chapter onward.

NEW SECTION. Sec. 34. If any residence 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, said holder shall co-sign the declaration of deferral either before a notary public or the county assessor or his deputy in the county where the real property is located.

NEW SECTION. Sec. 35. Whenever a person's special assessment and/or real property tax obligation is deferred under the provisions of this chapter, it shall become a lien in favor of the state upon his property and shall have priority as provided in chapters 35.50 and 84.60 RCW: PROVIDED, That the interest of a mortgage or purchase contract holder who is required to co-sign a declaration of deferral under section 34 of this act, shall have priority to said deferred lien. This lien may accumulate up to eighty percent of the amount of the claimant's equity value in said property and shall bear interest each year at the rates prescribed for

delinquent taxes in RCW 84.56.020 as now or hereafter amended per year until said obligation becomes due and payable under section 38 of this act.

NEW SECTION. Sec. 36. The county assessor shall:

(1) Transmit one copy of each declaration to defer to the department of revenue. The department may audit any declaration and shall, not later than August 31st, notify the assessor of any claim where any factor appears to disqualify the claimant for the deferral sought.

(2) Transmit one copy of each declaration to defer a special assessment to the local improvement district which imposed such assessment.

(3) After October 15th, compute the dollar tax rate for the county as if any deferrals provided by this chapter did not exist.

(4) On or before December 15th, notify the department of revenue and the county treasurer of the amount of real property taxes deferred for that year and notify the department of revenue and the respective treasurers of municipal corporations of the amount of special assessments deferred for each local improvement district within such unit.

NEW SECTION. Sec. 37. Upon receipt of the notification from the county assessor of the amount of deferred special assessments and/or real property taxes the department shall certify to the state treasurer the amount due the respective municipal corporations prior to the following February 15th and the state treasurer shall pay to the treasurers of such municipal corporations said amounts, equivalent to the amount of special assessments and/or real property taxes deferred, to be distributed to the local improvement or taxing districts which levied the taxes so deferred.

NEW SECTION. Sec. 38. Special assessments and/or real property tax obligations deferred under this chapter shall become payable together with interest as provided in section 35 of this amendatory act:

(1) Upon the sale of property which has a deferred special assessment and/or real property tax lien upon it.

(2) Upon the death of the claimant with an outstanding deferred special assessment and/or real property tax lien except a surviving spouse who is qualified under this chapter may elect to incur the special assessment and/or real property tax lien which shall then be payable by that spouse as provided in this section.

(3) Upon the condemnation of property with a deferred special assessment and/or real property tax lien upon it by a public or private body exercising eminent domain power, except as otherwise provided in RCW 84.60.070.

(4) At such time as the claimant ceases to reside permanently in the residence upon which the deferral has been granted.

(5) Upon the failure of any condition set forth in section 28(5) of this amendatory act.

NEW SECTION. Sec. 39. (1) The county treasurer shall collect all the amounts deferred together with interest under this chapter, in the manner provided for in chapter 84.56 RCW. For purposes of collection of deferred taxes, the provisions of chapters 84.56, 84.60, and 84.64 RCW shall be applicable.

(2) When any deferred special assessment and/or real property taxes together with interest are collected the moneys shall be credited to a special account in the

county treasury. The county treasurer shall remit the amount of deferred special assessment and/or real property taxes together with interest to the state treasurer, with a remittance advice to the department within thirty days from the date of collection.

(3) The state treasurer shall deposit the deferred taxes in the state general fund.

NEW SECTION. Sec. 40. (1) A surviving spouse of the claimant may elect to continue the property in its deferred tax status if the property is the residence of the spouse of the claimant and the spouse meets the requirements of this chapter.

(2) The election under this section to continue the property in its deferred status by the spouse of the claimant shall be filed in the same manner as an original claim for deferral is filed under this chapter, not later than ninety days from the date of the claimant's death. Thereupon, the property with respect to which the deferral of special assessments and/or real property taxes is claimed shall continue to be treated as deferred property. When the property has been continued in its deferred status by the filing of the spouse of the claimant of an election under this section, the spouse of the claimant may continue the property in its deferred status in subsequent years by filing a claim under this chapter so long as the spouse meets the qualifications set out in this section.

NEW SECTION. Sec. 41. Any person may at any time pay a part or all of the deferred taxes but such payment shall not affect the deferred tax status of the property.

NEW SECTION. Sec. 42. Nothing in this chapter is intended to or shall be construed to prevent the collection, by foreclosure, of personal property taxes which become a lien against tax-deferred property.

NEW SECTION. Sec. 43. The department of revenue of the state of Washington shall devise the forms and make rules and regulations consistent with chapter 34.04 RCW and the provisions of this chapter as shall be necessary or desirable to permit its effective administration.

NEW SECTION. Sec. 44. There is added to Title 84 RCW a new chapter to consist of sections 26 through 43 of this amendatory act.

NEW SECTION. Sec. 45. If any provision of this 1975 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 46. This 1975 amendatory act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing institutions, and shall take effect immediately: PROVIDED, That sections 8 and 26 through 43 of this amendatory act shall be effective on and after January 1, 1976: PROVIDED FURTHER, That sections 2, 3, and 4, and subsections (1) and (2) of Section 24 shall be effective on and after

January 1, 1977: AND PROVIDED FURTHER, That subsections (3) through (15) of Section 24 shall be effective on and after January 1, 1978.

Passed the Senate June 9, 1975.

Passed the House June 9, 1975.

Approved by the Governor July 2, 1975.

Filed in Office of Secretary of State July 2, 1975.

CHAPTER 292

[Substitute House Bill No. 591]

COMMERCE AND ECONOMIC DEVELOPMENT ADVISORY COUNCIL—STATE INTERNATIONAL TRADE FAIRS

AN ACT Relating to trade fairs; amending section 43.31.090, chapter 8, Laws of 1965 and RCW 43.31.090; amending section 1, chapter 148, Laws of 1965 and RCW 43.31.790; amending section 3, chapter 148, Laws of 1965 and RCW 43.31.810; amending section 4, chapter 148, Laws of 1965 and RCW 43.31.820; amending section 5, chapter 148, Laws of 1965 and RCW 43.31.830; amending section 6, chapter 148, Laws of 1965 and RCW 43.31.840; amending section 8, chapter 148, Laws of 1965 and RCW 43.31.850; amending section 2, chapter 93, Laws of 1972 ex. sess. and RCW 43.31.832; and amending section 9, chapter 55, Laws of 1933 as last amended by section 7, chapter 148, Laws of 1965 and RCW 67.16.100.

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

Section 1. Section 43.31.090, chapter 8, Laws of 1965 and RCW 43.31.090 are each amended to read as follows:

To aid and advise the director in the performance of his functions as specified in this chapter, an advisory council shall be appointed by the governor, such council to be composed of not more than fifteen members, all of whom shall be residents of this state, representing such geographical and economic areas the governor shall determine will best further the purposes of this chapter. Terms of council members shall not exceed two years and shall continue until their successors are appointed. Vacancies shall be filled in the same manner as original appointments. Members shall receive no per diem but shall receive reimbursement for actual subsistence and traveling expenses incurred in the performance of their duties.

In addition to the members of the advisory council there shall be four ex officio members without vote from the legislature consisting of: (1) Two members of the senate, both to be appointed by the president of the senate, and not more than one to be affiliated with any one political party; (2) two members of the house of representatives, both to be appointed by the speaker of the house of representatives, and not more than one to be affiliated with any one political party; such appointments shall be for the term of two years or for the period in which the appointee serves as a legislator, whichever expires first; members may be reappointed; vacancies shall be filled in the same manner as original appointments are made. Such ex officio members who shall collect data deemed essential to future legislative proposals and exchange information with the council shall be deemed engaged in legislative business while in attendance upon the business of the council and shall be limited to such allowances therefor as otherwise provided in RCW 44.04.120, the same to be paid from the "state international trade fair fund" as being expenses relative to such business.