

Washington to determine the average employer contribution and the average level of benefits for group insurance programs under the jurisdiction of the state employees insurance board. Such survey shall be conducted during each even-numbered year but may be conducted more frequently. The survey shall be reported to the board for its use in setting the amount of the recommended employer contribution to the employee insurance benefit program covered by this chapter. The board shall transmit a recommendation for the amount of the employer contribution to the governor and the director of financial management for inclusion in the proposed budgets submitted to the legislature.

Passed the House April 2, 1982.

Passed the Senate March 21, 1982.

Approved by the Governor April 9, 1982.

Filed in Office of Secretary of State April 9, 1982.

CHAPTER 35

[Engrossed Senate Bill No. 4250]

REVENUE AND TAXATION—SURCHARGE—FOOD TAX—ESTIMATED TAX PAYMENTS—TAX PREFERENCE REVIEW

AN ACT Relating to revenue and taxation; amending section 5, chapter 91, Laws of 1947 as last amended by section 1, chapter 42, Laws of 1967 and RCW 41.16.050; amending section 3, chapter 261, Laws of 1945 as last amended by section 26, chapter 3, Laws of 1981 and RCW 41.24.030; amending section .14.02, chapter 79, Laws of 1947 as last amended by section 2, chapter 233, Laws of 1979 ex. sess. and RCW 48.14.020; amending section 2, chapter 278, Laws of 1957 as last amended by section 2, chapter 366, Laws of 1977 ex. sess. and RCW 54.28.020; amending section 6, chapter 366, Laws of 1977 ex. sess. and RCW 54.28.025; amending section 4, chapter 278, Laws of 1957 as amended by section 31, chapter 278, Laws of 1975 1st ex. sess. and RCW 54.28.040; amending section 5, chapter 278, Laws of 1957 as last amended by section 8, chapter 154, Laws of 1980 and RCW 54.28.050; amending section 7, chapter 366, Laws of 1977 ex. sess. as amended by section 165, chapter 151, Laws of 1979 and RCW 54.28.055; amending section 73, chapter 62, Laws of 1933 ex. sess. as amended by section 1, chapter 6, Laws of 1961 ex. sess. and RCW 66.08.170; amending section 24—A added to chapter 62, Laws of 1933 ex. sess. by section 3, chapter 158, Laws of 1935 as last amended by section 12, chapter 5, Laws of 1981 1st ex. sess. and RCW 66.24.210; amending section 24, chapter 62, Laws of 1933 ex. sess. as last amended by section 16, chapter 5, Laws of 1981 1st ex. sess. and RCW 66.24.290; amending section 3, chapter 130, Laws of 1975—'76 2nd ex. sess. as amended by section 1, chapter 324, Laws of 1977 ex. sess. and RCW 82.04.2901; amending section 82.08.020, chapter 15, Laws of 1961 as last amended by section 1, chapter 8, Laws of 1981 2nd ex. sess. and RCW 82.08.020; amending section 82.08.100, chapter 15, Laws of 1961 as amended by section 50, chapter 278, Laws of 1975 1st ex. sess. and RCW 82.08.100; amending section 82.08.150, chapter 15, Laws of 1961 as last amended by section 25, chapter 5, Laws of 1981 1st ex. sess. and RCW 82.08.150; amending section 82.08.160, chapter 15, Laws of 1961 as last amended by section 26, chapter 5, Laws of 1981 1st ex. sess. and RCW 82.08.160; amending section 82.12.070, chapter 15, Laws of 1961 as amended by section 55, chapter 278, Laws of 1975 1st ex. sess. and RCW 82.12.070; amending section 82.16.020, chapter 15, Laws of 1961 as last amended by section 12, chapter 299, Laws of 1971 ex. sess. and RCW 82.16.020; amending section 82.16.030, chapter 15, Laws of 1961 and RCW 82.16.030; amending section 82.20.010, chapter 15, Laws of 1961 and RCW 82.20.010; amending section 82.24.020, chapter 15, Laws of 1961 as last amended by section 6, chapter 172, Laws of 1981 and RCW 82.24.020; amending section 82.26.020, chapter 15, Laws of 1961 as last amended by section 71,

chapter 278, Laws of 1975 1st ex. sess. and RCW 82.26.020; amending section 2, chapter 98, Laws of 1980 and RCW 82.27.020; amending section 3, chapter 61, Laws of 1975-'76 2nd ex. sess. and RCW 82.29A.030; amending section 1, chapter 7, Laws of 1981 as amended by section 7, chapter 172, Laws of 1981 and RCW 82.32.045; amending section 82.44.020, chapter 15, Laws of 1961 as last amended by section 10, chapter 222, Laws of 1981 and RCW 82.44.020; amending section 82.44.110, chapter 15, Laws of 1961 as last amended by section 235, chapter 158, Laws of 1979 and RCW 82.44.110; amending section 1, chapter 87, Laws of 1972 ex. sess. as last amended by section 4, chapter 175, Laws of 1979 ex. sess. and RCW 82.44.150; amending section 28A.45.060, chapter 223, Laws of 1969 ex. sess. as amended by section 2, chapter 154, Laws of 1980 and RCW 82.45.060; adding a new section to chapter 82.02 RCW; adding new sections to chapter 82.08 RCW; adding new sections to chapter 82.12 RCW; adding a new chapter to Title 43 RCW; creating new sections; repealing section 49, chapter 37, Laws of 1980, section 3, chapter 86, Laws of 1980, section 1, chapter 18, Laws of 1981 and RCW 82.08.0284; repealing section 76, chapter 37, Laws of 1980, section 4, chapter 86, Laws of 1980 and RCW 82.12.0278; providing effective dates; providing an expiration date; and declaring an emergency.

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

Section 1. Section 82.08.020, chapter 15, Laws of 1961 as last amended by section 1, chapter 8, Laws of 1981 2nd ex. sess. and RCW 82.08.020 are each amended to read as follows:

(1) There is levied and there shall be collected a tax on each retail sale in this state equal to four and one-half percent of the selling price: PROVIDED, That from and after the first day of December, 1981, until and including the thirtieth day of ((June, 1983)) April, 1982, such tax shall be levied and collected in an amount equal to five and five-tenths percent of the selling price: PROVIDED FURTHER, That from and after the first day of May, 1982, until and including the thirtieth day of June, 1983, such tax shall be levied and collected in an amount equal to the rate specified in section 31 of this 1982 act multiplied by the selling price.

(2) The tax imposed under this chapter shall apply to successive retail sales of the same property.

(3) The rate provided in this section applies to taxes imposed under chapter 82.12 RCW as provided in RCW 82.12.020.

Sec. 2. Section 3, chapter 130, Laws of 1975-'76 2nd ex. sess. as amended by section 1, chapter 324, Laws of 1977 ex. sess. and RCW 82.04.2901 are each amended to read as follows:

From and after the first day of ((June, 1976)) April, 1982, until and including the thirtieth day of June, ((1979)) 1983, there is levied and shall be collected from every person for the act or privilege of engaging in business activities, as a part of the tax imposed by the provisions of RCW 82.04.220 through 82.04.290, inclusive, an additional tax ((in the amount of six percent of)) equal to the rate specified in section 31 of this 1982 act multiplied by the tax payable under the provisions of RCW 82.04.220 through 82.04.290, inclusive. To facilitate collection of this additional tax, the department of revenue is authorized to adjust the basic rates of persons to which this section applies in such manner as to reflect the amount to the nearest one-thousandth of one percent of the additional tax hereby imposed, adjusting

ten-thousandths equal to or greater than five ten-thousandths to the greater thousandth.

Sec. 3. Section 82.08.150, chapter 15, Laws of 1961 as last amended by section 25, chapter 5, Laws of 1981 1st ex. sess. and RCW 82.08.150 are each amended to read as follows:

(1) There is levied and shall be collected a tax upon each retail sale of spirits, or strong beer in the original package at the rate of fifteen percent of the selling price. The tax imposed in this subsection shall apply to all such sales including sales by the Washington state liquor stores and agencies, but excluding sales to class H licensees.

(2) There is levied and shall be collected a tax upon each sale of spirits, or strong beer in the original package at the rate of ten percent of the selling price on sales by Washington state liquor stores and agencies to class H licensees.

(3) There is levied and shall be collected an additional tax upon each retail sale of spirits in the original package at the rate of one dollar and seventy-two cents per liter. The additional tax imposed in this subsection shall apply to all such sales including sales by Washington state liquor stores and agencies, and including sales to class H licensees.

(4) From and after the first day of May, 1982, until and including the thirtieth day of June, 1983, an additional tax is imposed equal to the rate specified in section 31 of this 1982 act multiplied by the taxes payable under subsections (1), (2), and (3) of this section.

(5) The tax imposed in RCW 82.08.020, as now or hereafter amended, shall not apply to sales of spirits or strong beer in the original package.

~~((5))~~ (6) The taxes imposed in this section shall be paid by the buyer to the seller, and each seller shall collect from the buyer the full amount of the tax payable in respect to each taxable sale under this section. The taxes required by this section to be collected by the seller shall be stated separately from the selling price and for purposes of determining the tax due from the buyer to the seller, it shall be conclusively presumed that the selling price quoted in any price list does not include the taxes imposed by this section.

~~((6))~~ (7) As used in this section, the terms, "spirits," "strong beer," and "package" shall have the meaning ascribed to them in chapter 66.04 RCW.

Sec. 4. Section 82.08.160, chapter 15, Laws of 1961 as last amended by section 26, chapter 5, Laws of 1981 1st ex. sess. and RCW 82.08.160 are each amended to read as follows:

On or before the twenty-fifth day of each month, all taxes collected under RCW 82.08.150 during the preceding month shall be remitted to the state department of revenue, to be deposited with the state treasurer. Upon receipt of such moneys the state treasurer shall credit sixty-five percent of the sums collected and remitted under RCW 82.08.150 (1) and (2) and one

hundred percent of the sums collected and remitted under RCW 82.08.150 (3) and (4) to the state general fund and thirty-five percent of the sums collected and remitted under RCW 82.08.150 (1) and (2) to a fund which is hereby created to be known as the "liquor excise tax fund."

Sec. 5. Section 82.16.020, chapter 15, Laws of 1961 as last amended by section 12, chapter 299, Laws of 1971 ex. sess. and RCW 82.16.020 are each amended to read as follows:

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

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

~~((2))~~ (b) Gas distribution business: Three percent;

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

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

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

(2) From and after the first day of April, 1982, until and including the thirtieth day of June, 1983, an additional tax is imposed equal to the rate specified in section 31 of this 1982 act multiplied by the tax payable under subsection (1) of this section.

Sec. 6. Section 82.16.030, chapter 15, Laws of 1961 and RCW 82.16.030 are each amended to read as follows:

Every person engaging in businesses which are within the purview of two or more of schedules ~~((1), (2), (3), (4) and (5))~~ (a), (b), (c), (d), and (e) of RCW 82.16.020(1), shall be taxable under each schedule applicable to the businesses engaged in.

Sec. 7. Section 82.20.010, chapter 15, Laws of 1961 and RCW 82.20.010 are each amended to read as follows:

(1) There is levied and there shall be collected a tax upon conveyances as follows: On any deed, instrument, or writing (unless deposited in escrow before May 1, 1935), whereby any lands, tenements, or other realty sold shall be granted, assigned, transferred, or otherwise conveyed to, or vested in, the purchaser, or any other person by his direction, when the consideration or value of the interest or property conveyed, exclusive of the value of any lien or encumbrance remaining thereon at the time of sale, exceeds one hundred dollars and does not exceed five hundred dollars or fractional part thereof, fifty cents; and for each additional five hundred dollars or fractional part thereof, fifty cents.

(2) From and after the first day of May, 1982, until and including the thirtieth day of June, 1983, an additional tax is imposed equal to the rate specified in section 31 of this 1982 act multiplied by the tax payable under subsection (1) of this section.

(3) This section shall not apply to any instrument or writing, given to secure a debt, nor to any conveyance to the state.

Sec. 8. Section 82.24.020, chapter 15, Laws of 1961 as last amended by section 6, chapter 172, Laws of 1981 and RCW 82.24.020 are each amended to read as follows:

(1) There is levied and there shall be collected as hereinafter provided, a tax upon the sale, use, consumption, handling, possession or distribution of all cigarettes, in an amount equal to the rate of eight and one-half mills per cigarette. For purposes of this chapter and RCW 28A.47.440, "possession" shall mean both ((+)) (a) physical possession by the purchaser and, ((-)) (b) when cigarettes are being transported to or held for the purchaser or his designee by a person other than the purchaser, constructive possession by the purchaser or his designee, which constructive possession shall be deemed to occur at the location of the cigarettes being so transported or held.

(2) From and after the first day of May, 1982, until and including the thirtieth day of June, 1983, an additional tax is imposed equal to the rate specified in section 31 of this 1982 act multiplied by the tax payable under subsection (1) of this section, RCW 82.24.025, and 28A.47.440.

Sec. 9. Section 82.26.020, chapter 15, Laws of 1961 as last amended by section 71, chapter 278, Laws of 1975 1st ex. sess. and RCW 82.26.020 are each amended to read as follows:

(1) From and after June 1, 1971, there is levied and there shall be collected a tax upon the sale, use, consumption, handling, or distribution of all tobacco products in this state at the rate of forty-five percent of the wholesale sales price of such tobacco products. Such tax shall be imposed at the time the distributor (a) brings, or causes to be brought, into this state from without the state tobacco products for sale, (b) makes, manufactures, or fabricates tobacco products in this state for sale in this state, or (c) ships or transports tobacco products to retailers in this state, to be sold by those retailers.

~~(2) ((A floor stocks tax is hereby imposed upon every distributor of tobacco products at the rate of twenty-five percent of the wholesale sales price of each tobacco product in his possession or under his control on July 1, 1959:~~

~~Each distributor, within twenty days after July 1, 1959 shall file a report with the department, in such form as the department may prescribe, showing the tobacco products on hand on July 1, 1959 and the amount of tax due thereon:~~

~~The tax imposed by this subdivision shall be due and payable within twenty days after July 1, 1959 and thereafter shall bear interest at the rate of one percent per month:))~~ From and after the first day of May, 1982, until and including the thirtieth day of June, 1983, an additional tax is imposed equal to the rate specified in section 31 of this 1982 act multiplied by the tax payable under subsection (1) of this section.

Sec. 10. Section 2, chapter 98, Laws of 1980 and RCW 82.27.020 are each amended to read as follows:

(1) In addition to all other taxes, licenses, or fees provided by law there is established an excise tax on the possession of food fish and shellfish for commercial purposes as provided in this chapter. The tax is levied upon and shall be collected from the owner of the food fish or shellfish whose possession constitutes the taxable event. The taxable event is the first possession by an owner after the food fish or shellfish have been landed. Processing and handling of food fish and shellfish by a person who is not the owner is not a taxable event to the processor or handler.

(2) A person in possession of food fish and shellfish and liable to this tax may deduct from the price paid to the person from which such food fish or shellfish (except oysters) are purchased an amount equal to a tax at one-half the rate levied in this section upon these products.

(3) The measure of the tax is the price paid by the first person in possession of the food fish or shellfish. If the food fish or shellfish are acquired other than by purchase or are purchased under conditions where the purchase price does not represent the value of the food fish or shellfish or these products are transferred outside the state without sale, the measure of the tax shall be determined as nearly as possible according to the selling price of similar products of like quality and character under rules adopted by the department of revenue.

(4) The tax shall be equal to the measure of the tax multiplied by the rates for food fish and shellfish as follows:

- (a) Chinook, coho, and chum salmon: Five percent.
- (b) Pink and sockeye salmon: Three percent.
- (c) Other food fish and shellfish, except oysters: Two percent.
- (d) Oysters: Seven one-hundredths of one percent.

(5) From and after the first day of July, 1982, until and including the thirtieth day of June, 1983, an additional tax is imposed equal to the rate specified in section 31 of this 1982 act multiplied by the tax payable under subsection (4) of this section.

Sec. 11. Section 3, chapter 61, Laws of 1975-'76 2nd ex. sess. and RCW 82.29A.030 are each amended to read as follows:

(1) There is hereby levied and shall be collected a leasehold excise tax on the act or privilege of occupying or using publicly owned real or personal property through a leasehold interest on and after January 1, 1976, at a

rate of twelve percent of taxable rent: PROVIDED, That after the computation of the tax there shall be allowed credit for any tax collected pursuant to RCW 82.29A.040.

(2) From and after the first day of April, 1982, until and including the thirtieth day of June, 1983, an additional tax is imposed equal to the rate specified in section 31 of this 1982 act multiplied by the tax payable under subsection (1) of this section.

Sec. 12. Section 82.44.110, chapter 15, Laws of 1961 as last amended by section 235, chapter 158, Laws of 1979 and RCW 82.44.110 are each amended to read as follows:

The county auditor shall regularly, when remitting license fee receipts, pay over and account to the director of licensing for the excise taxes collected under the provisions of this chapter. The director shall forthwith transmit the excise taxes to the state treasurer, ninety-eight percent of which excise tax revenue shall upon receipt thereof be credited by the state treasurer to the general fund, and two percent of which excise tax revenue shall be credited by the state treasurer to the motor vehicle fund to defray administrative and other expenses incurred by the state department of licensing in the collection of the excise tax: PROVIDED, That one hundred percent of the proceeds of the additional two-tenths of one percent excise tax imposed by RCW 82.44.020(2), as now or hereafter amended, shall be credited by the state treasurer to the Puget Sound capital construction account in the motor vehicle fund: PROVIDED FURTHER, That all revenues collected under RCW 82.44.020(5) shall be credited by the state treasurer to the general fund.

Sec. 13. Section 1, chapter 87, Laws of 1972 ex. sess. as last amended by section 4, chapter 175, Laws of 1979 ex. sess. and RCW 82.44.150 are each amended to read as follows:

(1) The director of licensing shall on the twenty-fifth day of February, May, August and November of each year, commencing with November, 1971, advise the state treasurer of the total amount of motor vehicle excise taxes remitted to the department of licensing during the preceding calendar quarter ending on the last day of March, June, September and December, respectively, except for those payable under RCW 82.44.020(5), 82.44.030, and 82.44.070, from motor vehicle owners residing within each municipality which has levied a tax under RCW 35.58.273, which amount of excise taxes shall be determined by the director as follows:

The total amount of motor vehicle excise taxes remitted to the department, except those payable under RCW 82.44.020(5), 82.44.030, and 82.44.070, from each county shall be multiplied by a fraction, the numerator of which is the population of the municipality residing in such county, and the denominator of which is the total population of the county in which

such municipality or portion thereof is located. The product of this computation shall be the amount of excise taxes from motor vehicle owners residing within such municipality or portion thereof. Where the municipality levying a tax under RCW 35.58.273 is located in more than one county, the above computation shall be made by county, and the combined products shall provide the total amount of motor vehicle excise taxes from motor vehicle owners residing in the municipality as a whole. Population figures required for these computations shall be supplied to the director by the office of financial management, who shall adjust the fraction annually.

(2) On the first day of the months of January, April, July, and October of each year, the state treasurer based upon information provided by the department of licensing shall make the following apportionment and distribution of motor vehicle excise taxes deposited in the general fund except taxes collected under RCW 82.44.020(5). A sum equal to seventeen percent thereof shall be paid to cities and towns in the proportions and for the purposes hereinafter set forth; a sum equal to seventy percent of all motor vehicle excise tax receipts, except taxes collected under RCW 82.44.020(5), shall be allocable to the state school equalization fund and credited and transferred each year in the following order of priority:

(a) The amount required and certified by the state finance committee each year as being necessary for payment of principal of and interest on bonds authorized by ~~((chapter 26, Laws of 1963 extraordinary session))~~ RCW 28A.47.760 through 28A.47.774 in the ensuing twelve months and any additional amounts required by the covenants of such bonds shall be transferred from the state school equalization fund to the 1963 public school building bond retirement fund.

(b) Any remaining amounts in the state school equalization fund from the motor vehicle excise taxes not required for debt service on the above bond issues shall be transferred and credited to the general fund.

(3) The amount payable to cities and towns shall be apportioned among the several cities and towns within the state ratably, on the basis of the population as last determined by the office of financial management.

(4) When so apportioned, the amount payable to each such city and town shall be transmitted to the city treasurer thereof, and shall be utilized by such city or town for the purposes of police and fire protection and the preservation of the public health therein, and not otherwise. In case it be adjudged that revenue derived from the excise tax imposed by this chapter cannot lawfully be apportioned or distributed to cities or towns, all moneys directed by this section to be apportioned and distributed to cities and towns shall be credited and transferred to the state general fund.

(5) On the first day of the months of January, April, July, and October of each year, the state treasurer, based upon information provided by the department of licensing, shall remit motor vehicle excise tax revenues imposed and collected under RCW 35.58.273 as follows:

(a) The amount required to be remitted by the state treasurer to the treasurer of any municipality levying the tax shall not exceed in any calendar year the amount of locally-generated tax revenues, excluding the excise tax imposed under RCW 35.58.273 for the purposes of this section, which shall have been budgeted by the municipality to be collected in such calendar year for any public transportation purposes including but not limited to operating costs, capital costs, and debt service on general obligation or revenue bonds issued for these purposes; and

(b) In no event may the amount remitted in a single calendar quarter exceed the amount collected on behalf of the municipality under RCW 35.58.273 during the calendar quarter next preceding the immediately preceding quarter.

(6) At the close of each calendar year accounting period, but not later than April 1, each municipality that has received motor vehicle excise taxes under subsection (5) of this section shall transmit to the director of licensing and the state auditor a written report showing by source the previous year's budgeted tax revenues for public transportation purposes as compared to actual collections. Any municipality that has not submitted the report by April 1 shall cease to be eligible to receive motor vehicle excise taxes under subsection (5) of this section until the report is received by the director of licensing. If a municipality has received more or less money under subsection (5) of this section for the period covered by the report than it is entitled to receive by reason of its locally-generated collected tax revenues, the director of licensing shall, during the next ensuing quarter that the municipality is eligible to receive motor vehicle excise tax funds, increase or decrease the amount to be remitted in an amount equal to the difference between the locally-generated budgeted tax revenues and the locally-generated collected tax revenues. In no event may the amount remitted for a calendar year exceed the amount collected on behalf of the municipality under RCW 35.58.273 during that same calendar year. At the time of the next fiscal audit of each municipality, the state auditor shall verify the accuracy of the report submitted and notify the director of licensing of any discrepancies.

(7) The motor vehicle excise taxes imposed under RCW 35.58.273 and required to be remitted under this section shall be remitted without legislative appropriation.

(8) Any municipality levying and collecting a tax under RCW 35.58.273 which does not have an operating, public transit system or a contract for public transportation services in effect within one year from the initial effective date of the tax shall return to the state treasurer all motor vehicle excise taxes received under subsection (5) of this section.

Sec. 14. Section 28A.45.060, chapter 223, Laws of 1969 ex. sess. as amended by section 2, chapter 154, Laws of 1980 and RCW 82.45.060 are each amended to read as follows:

(1) There is imposed an excise tax upon each sale of real property at the rate of one percent of the selling price.

(2) From and after the first day of May, 1982, until and including the thirtieth day of June, 1983, an additional tax is imposed equal to the rate specified in section 31 of this 1982 act multiplied by the tax payable under subsection (1) of this section.

Sec. 15. Section .14.02, chapter 79, Laws of 1947 as last amended by section 2, chapter 233, Laws of 1979 ex. sess. and RCW 48.14.020 are each amended to read as follows:

(1) Subject to other provisions of this chapter, each authorized insurer except title insurers shall on or before the first day of March of each year pay to the state treasurer through the commissioner's office a tax on premiums. Except as provided in subsection (2) of this section, such tax shall be in the amount of two percent of all premiums, excluding amounts returned to or the amount of reductions in premiums allowed to holders of industrial life policies for payment of premiums directly to an office of the insurer, collected or received by the insurer during the preceding calendar year in the case of foreign and alien insurers, and in the amount of one percent of all such premiums in the case of domestic insurers, for direct insurances, other than ocean marine and foreign trade insurances, after deducting premiums paid to policyholders as returned premiums, upon risks or property resident, situated, or to be performed in this state. For the purposes of this section the consideration received by an insurer for the granting of an annuity shall not be deemed to be a premium.

(2) In the case of insurers which require the payment by their policyholders at the inception of their policies of the entire premium thereon in the form of premiums or premium deposits which are the same in amount, based on the character of the risks, regardless of the length of term for which such policies are written, such tax shall be in the amount of two percent of the gross amount of such premiums and premium deposits upon policies on risks resident, located, or to be performed in this state, in force as of the thirty-first day of December next preceding, less the unused or unabsorbed portion of such premiums and premium deposits computed at the average rate thereof actually paid or credited to policyholders or applied in part payment of any renewal premiums or premium deposits on one-year policies expiring during such year.

(3) From and after the first day of April, 1982, until and including the thirtieth day of June, 1983, an additional tax is imposed equal to the rate specified in section 31 of this 1982 act multiplied by the taxes payable under subsections (1) and (2) of this section. All revenues from this additional tax shall be deposited in the state general fund.

(4) Each authorized insurer shall with respect to all ocean marine and foreign trade insurance contracts written within this state during the preceding calendar year, on or before the first day of March of each year pay

to the state treasurer through the commissioner's office a tax of three-quarters of one percent on its gross underwriting profit. Such gross underwriting profit shall be ascertained by deducting from the net premiums (i.e., gross premiums less all return premiums and premiums for reinsurance) on such ocean marine and foreign trade insurance contracts the net losses paid (i.e., gross losses paid less salvage and recoveries on reinsurance ceded) during such calendar year under such contracts. In the case of insurers issuing participating contracts, such gross underwriting profit shall not include, for computation of the tax prescribed by this subsection, the amounts refunded, or paid as participation dividends, by such insurers to the holders of such contracts.

~~((4))~~ (5) The state does hereby preempt the field of imposing excise or privilege taxes upon insurers or their agents, other than title insurers, and no county, city, town or other municipal subdivision shall have the right to impose any such taxes upon such insurers or their agents.

~~((5))~~ (6) If an authorized insurer collects or receives any such premiums on account of policies in force in this state which were originally issued by another insurer and which other insurer is not authorized to transact insurance in this state on its own account, such collecting insurer shall be liable for and shall pay the tax on such premiums.

~~((6))~~ (7) This section shall be effective as to and shall govern the payment of all taxes falling due after the effective date of this code.

Sec. 16. Section 5, chapter 91, Laws of 1947 as last amended by section 1, chapter 42, Laws of 1967 and RCW 41.16.050 are each amended to read as follows:

There is hereby created and established in the treasury of each municipality a fund which shall be known and designated as the firemen's pension fund, which shall consist of: (1) All bequests, fees, gifts, emoluments or donations given or paid thereto~~(;)~~; (2) forty-five percent of all moneys received by the state from taxes on fire insurance premiums, except any such moneys received under RCW 48.14.020(3); (3) taxes paid pursuant to the provisions of RCW 41.16.060~~(;)~~; (4) interest on the investments of the fund~~(;)~~; and (5) contributions by firemen as provided for herein. The forty-five percent of moneys received from the tax on fire insurance premiums under the provisions of this chapter shall be distributed in the proportion that the number of paid firemen in the city, town or fire protection district bears to the total number of paid firemen throughout the state to be ascertained in the following manner: The secretary of the firemen's pension board of each city, town and fire protection district now or hereafter coming under the provisions of this chapter shall within thirty days after the taking effect of this 1961 amendatory act and on or before the fifteenth day of January thereafter, certify to the state treasurer the number of paid firemen in the fire department in such city, town or fire protection district. The state treasurer shall on or before the first day of June of each year deliver to the

treasurer of each city, town and fire protection district coming under the provisions of this chapter his warrant, payable to each city, town or fire protection district for the amount due such city, town or fire protection district ascertained as herein provided and the treasurer of each such city, town or fire protection district shall place the amount thereof to the credit of the firemen's pension fund of such city, town or fire protection district.

Sec. 17. Section 3, chapter 261, Laws of 1945 as last amended by section 26, chapter 3, Laws of 1981 and RCW 41.24.030 are each amended to read as follows:

There is created in the state treasury a trust fund for the benefit of the firemen of the state covered by this chapter, which shall be designated the volunteer firemen's relief and pension fund and shall consist of:

(1) All bequests, fees, gifts, emoluments, or donations given or paid to the fund.

(2) An annual fee for each member of its fire department to be paid by each municipal corporation for the purpose of affording the members of its fire department with protection from death or disability as herein provided as follows:

(a) Three dollars for each volunteer or part-paid member of its fire department;

(b) A sum equal to one-half of one percent of the annual salary attached to the rank of each full-paid member of its fire department, prorated for 1970 on the basis of services prior to March 1, 1970.

(3) Where a municipal corporation has elected to make available to the members of its fire department the retirement provisions as herein provided, an annual fee of thirty dollars for each of its firemen electing to enroll therein, ten dollars of which shall be paid by the municipality and twenty dollars of which shall be paid by the fireman.

(4) Forty percent of all moneys received by the state from ((its)) taxes on fire insurance premiums, except any such moneys received under RCW 48.14.020(3), shall be paid into the state treasury and credited to the fund.

(5) The state investment board, upon request of the state treasurer shall invest such portion of the amounts credited to the fund as is not, in the judgment of the treasurer, required to meet current withdrawals. Such investments may be made in such bonds, notes or other obligations now or hereafter authorized as an investment for the funds of the public employees' retirement system.

(6) All bonds or other obligations purchased according to ((subdivision)) subsection (5) of this section shall be forthwith placed in the custody of the state treasurer, and he shall collect the principal thereof and interest thereon when due.

The state investment board may sell any of the bonds or obligations so acquired and the proceeds thereof shall be paid to the state treasurer.

The interest and proceeds from the sale and redemption of any bonds or other obligations held by the fund shall be credited to and form a part of the fund.

All amounts credited to the fund shall be available for making the payments required by this chapter.

The state treasurer shall make an annual report showing the condition of the fund.

Sec. 18. Section 2, chapter 278, Laws of 1957 as last amended by section 2, chapter 366, Laws of 1977 ex. sess. and RCW 54.28.020 are each amended to read as follows:

(1) There is hereby levied and there shall be collected from every district a tax for the act or privilege of engaging within this state in the business of operating works, plants or facilities for the generation, distribution and sale of electric energy. With respect to each such district, except with respect to thermal electric generating facilities taxed under RCW 54.28-.025, such tax shall be the sum of the following amounts: ~~((+))~~ (a) Two percent of the gross revenues derived by the district from the sale of all electric energy which it distributes to consumers who are served by a distribution system owned by the district; ~~((2))~~ (b) five percent of the first four mills per kilowatt-hour of wholesale value of self-generated energy distributed to consumers by a district; ~~((3))~~ (c) five percent of the first four mills per kilowatt-hour of revenue obtained by the district from the sale of self-generated energy for resale.

(2) An additional tax is imposed equal to the rate specified in section 31 of this 1982 act multiplied by the tax payable under subsection (1) of this section for April, 1982, through June, 1983.

Sec. 19. Section 6, chapter 366, Laws of 1977 ex. sess. and RCW 54-.28.025 are each amended to read as follows:

(1) There is hereby levied and there shall be collected from every district operating a thermal electric generating facility, as defined in RCW 54.28.010 as now or hereafter amended, having a design capacity of two hundred fifty thousand kilowatts or more, located on a federal reservation, which is placed in operation after September 21, 1977, a tax for the act or privilege of engaging within the state in the business of generating electricity for use or sale, equal to one and one-half percent of wholesale value of energy produced for use or sale, except energy used in the operation of component parts of the power plant and associated transmission facilities under control of the person operating the power plant.

(2) An additional tax is imposed equal to the rate specified in section 31 of this 1982 act multiplied by the tax payable under subsection (1) of this section for April, 1982, through June, 1983.

Sec. 20. Section 4, chapter 278, Laws of 1957 as amended by section 31, chapter 278, Laws of 1975 1st ex. sess. and RCW 54.28.040 are each amended to read as follows:

Prior to May 1st, the department of revenue shall compute the tax imposed by this chapter for the last preceding calendar year and notify the district of the amount thereof, which shall be payable on or before the following June 1st. Upon receipt of the amount of each tax imposed the department of revenue shall deposit the same with the state treasurer, who shall deposit four percent (~~thereof~~) of the revenues received under RCW 54.28.020(1) and 54.28.025(1) and all revenues received under RCW 54.28.020(2) and 54.28.025(2) in the general fund of the state and shall distribute the remainder in the manner hereinafter set forth. The state treasurer shall send a duplicate copy of each (~~such letter of~~) transmittal to the department of revenue.

Sec. 21. Section 5, chapter 278, Laws of 1957 as last amended by section 8, chapter 154, Laws of 1980 and RCW 54.28.050 are each amended to read as follows:

After computing the tax imposed by RCW 54.28.020(1), the department of revenue shall instruct the state treasurer, after placing thirty-seven and six-tenths percent in the state general fund to be dedicated for the benefit of the public schools, to distribute the balance collected under RCW 54.28.020 (~~subsection~~) (1)(a) to each county in proportion to the gross revenue from sales made within each county; and to distribute the balance collected under RCW 54.28.020 (~~((2) and (3))~~) (1)(b) and (c) as follows: If the entire generating facility, including reservoir, if any, is in a single county then all of the balance to the county where such generating facility is located. If any reservoir is in more than one county, then to each county in which the reservoir or any portion thereof is located a percentage equal to the percentage determined by dividing the total cost of the generating facilities, including adjacent switching facilities, into twice the cost of land and land rights acquired for any reservoir within each county, land and land rights to be defined the same as used by the federal power commission. If the powerhouse and dam, if any, in connection with such reservoir are in more than one county, the balance shall be divided sixty percent to the county in which the owning district is located and forty percent to the other county or counties or if said powerhouse and dam, if any, are owned by a joint operating agency organized under chapter 43.52 RCW, or by more than one district or are outside the county of the owning district, then to be divided equally between the counties in which such facilities are located. If all of the powerhouse and dam, if any, are in one county, then the balance shall be distributed to the county in which the facilities are located.

The provisions of this section shall not apply to the distribution of taxes collected under RCW 54.28.025.

Sec. 22. Section 7, chapter 366, Laws of 1977 ex. sess. as amended by section 165, chapter 151, Laws of 1979 and RCW 54.28.055 are each amended to read as follows:

(1) After computing the tax imposed by RCW 54.28.025(1), the department of revenue shall instruct the state treasurer to distribute the amount collected as follows:

(a) Fifty percent to the state general fund for the support of schools; and

(b) Twenty-two percent to the counties, twenty-three percent to the cities, three percent to the fire protection districts, and two percent to the library districts.

(2) Each county, city, fire protection district and library district shall receive a percentage of the amount for distribution to counties, cities, fire protection districts and library districts, respectively, in the proportion that the population of such district residing within the impacted area bears to the total population of all such districts residing within the impacted area.

(3) If any distribution pursuant to subsection (1)(b) of this section cannot be made, then that share shall be prorated among the state and remaining local districts.

(4) All distributions directed by this section to be made on the basis of population shall be calculated in accordance with data to be provided by the office of financial management.

Sec. 23. Section 24-A added to chapter 62, Laws of 1933 ex. sess. by section 3, chapter 158, Laws of 1935 as last amended by section 12, chapter 5, Laws of 1981 1st ex. sess. and RCW 66.24.210 are each amended to read as follows:

(1) There is hereby imposed upon all wines sold to wine wholesalers and the Washington state liquor control board, within the state a tax at the rate of twenty and one-fourth cents per liter: PROVIDED, HOWEVER, That wine sold or shipped in bulk from one winery to another winery shall not be subject to such tax. The tax ((~~herein~~)) provided for in this section may, if so prescribed by the board, be collected by means of stamps to be furnished by the board, or by direct payments based on wine purchased by wine wholesalers. Every person purchasing wine under the provisions of this section shall on or before the twentieth day of each month report to the board all purchases during the preceding calendar month in such manner and upon such forms as may be prescribed by the board, and with such report shall pay the tax due from the purchases covered by such report unless the same has previously been paid. Any such purchaser of wine whose applicable tax payment is not postmarked by the twentieth day following the month of purchase will be assessed a penalty at the rate of two percent a month or fraction thereof. If this tax be collected by means of stamps, every such person shall procure from the board revenue stamps representing the tax in

such form as the board shall prescribe and shall affix the same to the package or container in such manner and in such denomination as required by the board and shall cancel the same prior to the delivery of the package or container containing the wine to the purchaser. If the tax is not collected by means of stamps, the board may require that every such person shall execute to and file with the board a bond to be approved by the board, in such amount as the board may fix, securing the payment of the tax. If any such person fails to pay the tax when due, the board may forthwith suspend or cancel the license until all taxes are paid.

(2) From and after the first day of May, 1982, until and including the thirtieth day of June, 1983, an additional tax is imposed equal to the rate specified in section 31 of this 1982 act multiplied by the tax payable under subsection (1) of this section. All revenues collected during any month from this additional tax shall be transferred to the state general fund by the twenty-fifth day of the following month.

Sec. 24. Section 24, chapter 62, Laws of 1933 ex. sess. as last amended by section 16, chapter 5, Laws of 1981 1st ex. sess. and RCW 66.24.290 are each amended to read as follows:

(1) Any brewer or beer wholesaler licensed under this title may sell and deliver beer to holders of authorized licenses direct, but to no other person, other than the board; and every such brewer or beer wholesaler shall report all sales to the board monthly, pursuant to the regulations, and shall pay to the board as an added tax for the privilege of manufacturing and selling the beer within the state a tax of two dollars and sixty cents per barrel of thirty-one gallons on sales to licensees within the state and on sales to licensees within the state of bottled and canned beer shall pay a tax computed in gallons at the rate of two dollars and sixty cents per barrel of thirty-one gallons. Any brewer or beer wholesaler whose applicable tax payment is not postmarked by the twentieth day following the month of sale will be assessed a penalty at the rate of two percent per month or fraction thereof. Each such brewer or wholesaler shall procure from the board revenue stamps representing such tax in form prescribed by the board and shall affix the same to the barrel or package in such manner and in such denominations as required by the board, and shall cancel the same prior to commencing delivery from his place of business or warehouse of such barrels or packages. Beer shall be sold by brewers and wholesalers in sealed barrels or packages. The revenue stamps herein provided for need not be affixed and canceled in the making of resales of barrels or packages already taxed by the affixation and cancellation of stamps as provided in this section.

(2) From and after the first day of May, 1982, until and including the thirtieth day of June, 1983, an additional tax is imposed equal to the rate specified in section 31 of this 1982 act multiplied by the tax payable under subsection (1) of this section. All revenues collected during any month from

this additional tax shall be transferred to the state general fund by the twenty-fifth day of the following month.

(3) The ((above)) tax imposed under this section shall not apply to "strong beer" as defined in this title.

***Sec. 25. Section 73, chapter 62, Laws of 1933 ex. sess. as amended by section 1, chapter 6, Laws of 1961 ex. sess. and RCW 66.08.170 are each amended to read as follows:**

There shall be a fund, known as the "liquor revolving fund", which shall consist of all license fees, permit fees, penalties, forfeitures, and all other moneys, income, or revenue received by the board, except revenues received under RCW 66.24.210(2) and 66.24.290(2). The state treasurer shall be custodian of the fund. Except as otherwise provided by law, all moneys received by the board or any employee thereof, except for change funds and an amount of petty cash as fixed by the board within the authority of law shall be deposited each day in a depository approved by the state treasurer and transferred to the state treasurer to be credited to the liquor revolving fund. Disbursements from the revolving fund shall be on authorization of the board or a duly authorized representative thereof. In order to maintain an effective expenditure and revenue control the liquor revolving fund shall be subject in all respects to chapter 43.88 RCW but no appropriation shall be required to permit expenditures and payment of obligations from such fund.

***Sec. 25 was vetoed, see message at end of chapter.**

Sec. 26. Section 82.44.020, chapter 15, Laws of 1961 as last amended by section 10, chapter 222, Laws of 1981 and RCW 82.44.020 are each amended to read as follows:

(1) An excise tax is imposed for the privilege of using in the state any motor vehicle, except those operated under reciprocal agreements, the provisions of RCW 46.16.160 as now or hereafter amended, or dealer's licenses. The annual amount of such excise tax shall be two percent of the fair market value of such vehicle.

(2) From and after August 1, 1978, and until August 1, 2008, an additional excise tax is imposed, in addition to any other tax imposed by this section, for the privilege of using in the state any such motor vehicle, and the annual amount of such additional excise shall be two-tenths of one percent of the fair market value of such vehicle.

(3) The department of licensing and county auditors shall collect the additional tax imposed by subsection (2) of this section for any registration year for the months of that registration year in which such additional tax is effective, and in the same manner and at the same time as the tax imposed by subsection (1) of this section.

(4) In no case shall the total tax be less than two dollars except for proportionally registered vehicles.

(5) From and after the first day of July, 1982, until and including the thirtieth day of June, 1983, an additional tax is imposed in the amount of

four percent of the taxes payable under subsections (1) and (2) of this section.

Sec. 27. Section 1, chapter 7, Laws of 1981 as amended by section 7, chapter 172, Laws of 1981 and RCW 82.32.045 are each amended to read as follows:

(1) Except as otherwise provided in this chapter, payments of the taxes imposed under chapters 82.04, 82.08, 82.12, 82.14, and 82.16 RCW, along with reports and returns on forms prescribed by the department, are due monthly within the number of days specified in the following table after the end of the month in which the taxable activities occur.

For activities occurring in	Days
October, 1981 through March, 1982	25
April, 1982 through March, 1983	20
April, 1983 and thereafter	15

(2) A monthly taxpayer may elect to remit an estimated amount of the tax due for each month on or before the due date set forth in subsection (1) of this section. The estimated amount of tax remitted shall be at least the greater of ninety percent of the tax actually due for the month or one-third of the tax due during the corresponding quarter of the previous year. Each taxpayer filing an estimated return shall file a separate quarterly return on the last day of the month after the end of each calendar quarter. Each quarterly return shall be on forms prescribed by the department, include such information as the department may require to correctly determine tax liability during the quarter, and be accompanied by a remittance of the balance of the tax actually due for the quarter.

(3) The department of revenue may relieve any taxpayer or class of taxpayers from the obligation of remitting monthly and may require the return to cover other longer reporting periods, but in no event may returns be filed for a period greater than one year. For these taxpayers, tax payments are due on or before the last day of the month next succeeding the end of the period covered by the return.

(4) The department of revenue may also require verified annual returns from any taxpayer, setting forth such additional information as it may deem necessary to correctly determine tax liability.

NEW SECTION. Sec. 28. There is added to chapter 82.08 RCW a new section to read as follows:

The tax levied by RCW 82.08.020 shall not apply to sales of food purchased with food stamps.

NEW SECTION. Sec. 29. There is added to chapter 82.12 RCW a new section to read as follows:

The provisions of this chapter shall not apply in respect to the use of food purchased with food stamps.

NEW SECTION. Sec. 30. The following acts or parts of acts are each repealed:

(1) Section 49, chapter 37, Laws of 1980, section 3, chapter 86, Laws of 1980, section 1, chapter 18, Laws of 1981 and RCW 82.08.0284; and

(2) Section 76, chapter 37, Laws of 1980, section 4, chapter 86, Laws of 1980 and RCW 82.12.0278.

NEW SECTION. Sec. 31. There is added to chapter 82.02 RCW a new section to read as follows:

(1) Until and including the day before the change date, the rate of the sales and use taxes under section 1 of this act shall be five and four-tenths percent and the rate of the additional taxes under sections 2 through 24 of this act shall be four percent.

(2) From and after the change date until and including the thirtieth day of June, 1983, the rate of tax shall be as follows:

(a) If the October revenue collections are less than \$2,855,000,000, the rate of sales and use taxes under section 1 of this act shall be five and four-tenths percent and the rate of the additional taxes under sections 2 through 24 of this act shall be four percent.

(b) If the October revenue collections equal or exceed \$2,855,000,000, the rate of sales and use taxes under section 1 of this act shall be five and two-tenths percent and the rate of the additional taxes under sections 2 through 24 of this act shall be zero percent.

(3) As used in this section:

(a) "October revenue collections" means revenues, penalties, and interest actually collected for credit to the fiscal biennium beginning July 1, 1981, for the taxes imposed under the following statutes, as amended by this act, and deposited with the state treasurer for credit to the general fund during the period beginning July 1, 1981, and ending with the specified date:

(i) Chapters 82.04, 82.08, 82.12, 82.16, and 82.26 RCW: October 10, 1982.

(ii) Chapters 82.24 and 82.45 RCW, and RCW 28A.47.440: September 30, 1982.

(b) "Change date" for the taxes under sections 1 through 9 and 12 through 24 of this act means November 1, 1982; and for the taxes under sections 10 and 11 of this act means January 1, 1983.

NEW SECTION. Sec. 32. (1) At the end of the fiscal biennium beginning July 1, 1981, the state treasurer shall transfer from the general fund to the budget stabilization account created under RCW 43.88.525 an amount equal to the biennial revenue collections minus \$5,210,000,000.

(2) As used in this section, "biennial revenue collections" means all revenues, penalties, and interest actually collected for credit to the fiscal biennium beginning July 1, 1981, for the taxes imposed under chapters 82.04, 82.08, 82.12, 82.16, 82.24, 82.26, and 82.45 RCW and RCW 28A.47.440,

as amended by this act, and deposited with the state treasurer for credit to the general fund.

NEW SECTION. Sec. 33. There is added to chapter 82.08 RCW a new section to read as follows:

(1) The tax levied by RCW 82.08.020 shall not apply to sales of food products for human consumption.

"Food products" include cereals and cereal products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products, coffee and coffee substitutes, tea, cocoa and cocoa products.

"Food products" include milk and milk products, milk shakes, malted milks, and any other similar type beverages which are composed at least in part of milk or a milk product and which require the use of milk or a milk product in their preparation.

"Food products" include all fruit juices, vegetable juices, and other beverages except bottled water, spirituous, malt or vinous liquors or carbonated beverages, whether liquid or frozen.

"Food products" do not include medicines and preparations in liquid, powdered, granular, tablet, capsule, lozenge, and pill form sold as dietary supplements or adjuncts.

The exemption of "food products" provided for in this subsection shall not apply: (a) When the food products are furnished, prepared, or served for consumption at tables, chairs, or counters or from trays, glasses, dishes, or other tableware whether provided by the retailer or by a person with whom the retailer contracts to furnish, prepare, or serve food products to others, except for food products furnished as meals under a state administered nutrition program for the aged as provided for in the Older American Act (P.L. 95-478 Title III) and RCW 74.38.040(6), or (b) when the food products are ordinarily sold for immediate consumption on or near a location at which parking facilities are provided primarily for the use of patrons in consuming the products purchased at the location, even though such products are sold on a "takeout" or "to go" order and are actually packaged or wrapped and taken from the premises of the retailer, or (c) when the food products are sold for consumption within a place, the entrance to which is subject to an admission charge, except for national and state parks and monuments.

(2) Subsection (1) of this section notwithstanding, the retail sale of food products is subject to sales tax under RCW 82.08.020 if the food products are sold through a vending machine, and in this case the selling price for purposes of RCW 82.08.020 is fifty-seven percent of the gross receipts.

This subsection does not apply to hot prepared food products, other than food products which are heated after they have been dispensed from the vending machine.

For tax collected under this subsection, the requirements that the tax be collected from the buyer and that the amount of tax be stated as a separate item are waived.

NEW SECTION. Sec. 34. There is added to chapter 82.12 RCW a new section to read as follows:

The provisions of this chapter shall not apply in respect to the use of food products for human consumption.

"Food products" include cereals and cereal products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products, coffee and coffee substitutes, tea, cocoa and cocoa products.

"Food products" include milk and milk products, milk shakes, malted milks, and any other similar type beverages which are composed at least in part of milk or a milk product and which require the use of milk or a milk product in their preparation.

"Food products" include all fruit juices, vegetable juices, and other beverages except bottled water, spirituous, malt or vinous liquors or carbonated beverages, whether liquid or frozen.

"Food products" do not include medicines and preparations in liquid, powdered, granular, tablet, capsule, lozenge, and pill form sold as dietary supplements or adjuncts.

The exemption of "food products" provided for in this paragraph shall not apply: (a) When the food products are furnished, prepared, or served for consumption at tables, chairs, or counters or from trays, glasses, dishes, or other tableware whether provided by the retailer or by a person with whom the retailer contracts to furnish, prepare, or serve food products to others, except for food products furnished as meals under a state administered nutrition program for the aged as provided for in the Older American Act (P.L. 95-478 Title III) and RCW 74.38.040(6), or (b) when the food products are ordinarily sold for immediate consumption on or near a location at which parking facilities are provided primarily for the use of patrons in consuming the products purchased at the location, even though such products are sold on a "takeout" or "to go" order and are actually packaged or wrapped and taken from the premises of the retailer, or (c) when the food products are sold for consumption within a place, the entrance to which is subject to an admission charge, except for national and state parks and monuments.

NEW SECTION. Sec. 35. There is added to chapter 82.08 RCW a new section to read as follows:

A seller is entitled to a credit or refund for sales taxes previously paid on debts which are deductible as worthless for federal income tax purposes.

NEW SECTION. Sec. 36. There is added to chapter 82.12 RCW a new section to read as follows:

A seller is entitled to a credit or refund for use taxes previously paid on debts which are deductible as worthless for federal income tax purposes.

Sec. 37. Section 82.08.100, chapter 15, Laws of 1961 as amended by section 50, chapter 278, Laws of 1975 1st ex. sess. and RCW 82.08.100 are each amended to read as follows:

The department of revenue, by general regulation, ((may)) shall provide that a taxpayer whose regular books of account are kept on a cash receipts basis may file returns based upon his cash receipts for each reporting period and pay the tax herein provided upon such basis in lieu of reporting and paying the tax on all sales made during such period. A taxpayer filing returns on a cash receipts basis is not required to pay such tax on debts which are deductible as worthless for federal income tax purposes.

Sec. 38. Section 82.12.070, chapter 15, Laws of 1961 as amended by section 55, chapter 278, Laws of 1975 1st ex. sess. and RCW 82.12.070 are each amended to read as follows:

The department of revenue, by general regulation, ((may)) shall provide that a taxpayer whose regular books of account are kept on a cash receipts basis may file returns based upon his cash receipts for each reporting period and pay the tax herein provided upon such basis in lieu of reporting and paying the tax on all sales made during such period. A taxpayer filing returns on a cash receipts basis is not required to pay such tax on debts which are deductible as worthless for federal income tax purposes.

NEW SECTION. Sec. 39. The legislature recognizes that tax preferences are enacted by the legislature to meet objectives which are determined to be in the public interest. The legislature finds, however, that some tax preferences may not be efficient or equitable tools for the achievement of current legislative objectives. The legislature finds that unless it can be demonstrated that the public interest is served by the continued existence of tax preferences, they should be terminated or modified. The legislature further finds that periodic evaluations of tax preferences are needed to determine if their continued existence is in the public interest.

It is the intent of the legislature to establish a mechanism for scheduling periodic evaluations of tax preferences together with a system for their termination, continuation, or modification. By this mechanism, the legislature intends to ensure that thorough periodic evaluations are made and that those tax preferences which do not continue to serve the public interest are terminated or modified.

NEW SECTION. Sec. 40. As used in this chapter, "tax preference" means an exemption, exclusion, or deduction from the base of a state tax; a credit against a state tax; a deferral of a state tax; or a preferential state tax rate.

NEW SECTION. Sec. 41. The legislative budget committee shall review each tax preference for termination by the processes provided in this chapter. The review shall be completed and a report prepared on or before June 30th of the year prior to the date established for termination. Upon completion of its report, the legislative budget committee shall transmit copies of the report to the department of revenue. The department of revenue may then conduct its own review of the tax preference scheduled for termination and shall prepare a report on or before September 30th of the year prior to the date established for termination. Upon completion of its report the department of revenue shall transmit copies of its report to the legislative budget committee. The legislative budget committee shall prepare a final report that includes the reports of both the department of revenue and the legislative budget committee. The legislative budget committee and the department of revenue shall, upon request, make available to each other all working papers, studies, and other documents which relate to reports required under this section. The legislative budget committee shall transmit the final report to all members of the legislature, to the governor, and to the state library.

NEW SECTION. Sec. 42. In reviewing a tax preference, the legislative budget committee shall develop information needed by the legislature to determine if the tax preference should be terminated as scheduled, modified, or reestablished without modification. The legislative budget committee shall consider, but not be limited to, the following factors in the review.

(1) The persons or organizations whose state tax liabilities are directly affected by the tax preference.

(2) Legislative objectives that might provide a justification for the tax preference.

(3) Evidence that the existence of the tax preference has contributed to the achievement of any of the objectives identified in subsection (2) of this section.

(4) The extent to which continuation of the tax preference beyond its scheduled termination date might contribute to any of the objectives identified in subsection (2) of this section.

(5) Fiscal impacts of the tax preference, including past impacts and expected future impacts if it is not terminated as scheduled.

(6) The extent to which termination of the tax preference would affect the distribution of liability for payment of state taxes.

NEW SECTION. Sec. 43. (1) Following receipt of the final report from the legislative budget committee, the ways and means committees of the house of representatives and the senate shall jointly hold a public hearing to consider the final report and any related data. The committees shall also receive testimony from the governor, or the governor's designee, and other interested parties, including the general public.

(2) Following the joint hearing, the committees may separately hold additional meetings or hearings to come to a final determination as to whether a continuation, modification, or termination of a tax preference is in the public interest. If a committee determines that a tax preference should be continued or modified, it shall make the determination as a bill. No more than one tax preference shall be reestablished or modified in any one bill.

NEW SECTION. Sec. 44. The select joint committee established under RCW 43.131.120 shall be responsible for the development of legislation which provides a schedule for the termination of tax preferences in a manner consistent with the terms of this chapter. The termination of tax preferences shall occur over a period of four years, beginning on June 30, 1984. In the development of this legislation, the select joint committee shall identify tax preferences which might appropriately be scheduled for termination and arrange for automatic termination of tax preferences, with a reasonable number of tax preferences to be terminated on June 30, 1984, including appropriate tax exemptions identified as eligible for termination by the department of revenue in the study conducted pursuant to section 26(3), chapter 340, Laws of 1981 (uncodified), a reasonable number of tax preferences to be terminated on June 30, 1985, a reasonable number of tax preferences to be terminated on June 30, 1986, and a reasonable number of tax preferences to be terminated on June 30, 1987.

Proposed legislation, recommendations, and findings shall be submitted to the legislature as soon as is practicable, but no later than the first day the legislature is in session after January 1, 1983.

NEW SECTION. Sec. 45. On or before September 30, 1982, the department of revenue shall provide the select joint committee with a report on existing tax preferences. The report shall include a list of tax preferences and a description of each one. Upon request of the select joint committee, the department of revenue shall provide additional information needed by the select joint committee to meet its responsibilities under this chapter.

NEW SECTION. Sec. 46. Sections 39 through 45 of this act shall constitute a new chapter in Title 43 RCW.

NEW SECTION. Sec. 47. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 48. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect immediately, except that sections 28, 29, and 30 of this act shall take effect on May 1, 1982, sections 33 and 34 of this act shall take effect on July 1, 1983, and sections 35 through 38 of this act shall take effect on January 1, 1983.

Sections 28 and 29 of this act shall expire on July 1, 1983. The additional taxes imposed under this act shall take effect on the dates designated in this act notwithstanding the date this act becomes law under Article III, section 12 of the state Constitution.

Passed the Senate April 10, 1982.

Passed the House April 10, 1982.

Approved by the Governor April 19, 1982 with the exception of Section 25, which is vetoed.

Filed in Office of Secretary of State April 19, 1982.

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

"I am returning herewith without my approval as to Section 25 of ESB 4250 entitled:

"AN ACT Relating to revenue and taxation"

Section 25 stipulates that revenues received under RCW 66.24.210(2) and 66.24.290(2) shall not be deposited into the liquor revolving fund. This is both unnecessary and superfluous since sections 23 and 24 dedicated the surtax proceeds to the General Fund and provide for the transferring of receipts to the General Fund.

With exception of Section 25, which I have vetoed, the remainder of ESB 4250 is approved."

CHAPTER 36

[Substitute House Bill No. 1109]

BUDGET STABILIZATION ACCOUNT—TRANSFER FORMULA—
LEGISLATIVE APPROVAL OF APPROPRIATIONS

AN ACT Relating to the stabilization account; reenacting and amending section 43.88.020, chapter 8, Laws of 1965 as last amended by section 2, chapter 270, Laws of 1981 and by section 6, chapter 280, Laws of 1981 and RCW 43.88.020; amending section 3, chapter 280, Laws of 1981 and RCW 43.88.530; and amending section 4, chapter 280, Laws of 1981 and RCW 43.88.535.

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

Section 1. Section 43.88.020, chapter 8, Laws of 1965 as last amended by section 2, chapter 270, Laws of 1981 and by section 6, chapter 280, Laws of 1981 and RCW 43.88.020 are each reenacted and amended to read as follows:

(1) "Budget" shall mean a proposed plan of expenditures for a given period or purpose and the proposed means for financing these expenditures.

(2) "Budget document" shall mean a formal, written statement offered by the governor to the legislature, as provided in RCW 43.88.030.

(3) "Director of financial management" shall mean the official appointed by the governor to serve at the governor's pleasure and to whom the governor may delegate necessary authority to carry out the governor's duties as provided in this chapter. The director of financial management shall be head of the office of financial management which shall be in the office of the governor.