

when not required for the redemption and payment of interest and meeting the covenant requirements of the bonds authorized herein.

On June 30, 1983, the state treasurer shall transfer from the capitol purchase and development account to the general fund all moneys in excess of seven hundred thousand dollars.

In addition to certifying and providing for the annual amounts required to pay the principal and interest of said bonds, the capitol committee may, under such terms and conditions and at such times and in such amounts as may be found necessary to insure the sale of said bonds, provide for additional payments into the state building bond redemption fund to be held as a reserve to secure the payment of the principal and interest of such bonds.

The owner and holder of any of said bonds or the trustee for any of said bonds may by mandamus or other appropriate proceeding require and compel the deposit and payment of funds as directed herein.

The proceeds from the sale of the bonds hereby authorized shall be paid into the general fund—capitol purchase and development account.

Passed the House June 30, 1982.

Passed the Senate July 1, 1982.

Approved by the Governor July 16, 1982.

Filed in Office of Secretary of State July 16, 1982.

CHAPTER 9

[Senate Bill No. 5014]

PUBLIC UTILITY TAX—BUSINESS AND OCCUPATION TAX—ELECTRICAL ENERGY

AN ACT Relating to revenue; amending section 82.16.010, chapter 15, Laws of 1961 as last amended by section 2, chapter 144, Laws of 1981 and RCW 82.16.010; amending section 82.04.120, chapter 15, Laws of 1961 as last amended by section 6, chapter 291, Laws of 1975 1st ex. sess. and RCW 82.04.120; amending section 82.16.050, chapter 15, Laws of 1961 as last amended by section 1, chapter 368, Laws of 1977 ex. sess. and RCW 82.16.050; providing an effective date; and declaring an emergency.

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

Section 1. Section 82.16.010, chapter 15, Laws of 1961 as last amended by section 2, chapter 144, Laws of 1981 and RCW 82.16.010 are each amended to read as follows:

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

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

(2) "Express business" means the business of carrying property for public hire on the line of any common carrier operated in this state, when such

common carrier is not owned or leased by the person engaging in such business.

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

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

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

(6) "Telephone business" means the business of providing access to a local telephone network, local telephone network switching service, toll service, or coin telephone services, or providing telephonic, video, data, or similar communication or transmission for hire, via a local telephone network, toll line or channel, or similar communication or transmission system. It includes cooperative or farmer line telephone companies or associations operating an exchange. "Telephone business" does not include the providing of competitive telephone service, nor the providing of cable television service.

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

(8) "Gas distribution business" means the business of operating a plant or system for the production or distribution for hire or sale of gas, whether manufactured or natural.

(9) "Motor transportation business" means the business (except urban transportation business) of operating any motor propelled vehicle by which persons or property of others are conveyed for hire, and includes, but is not limited to, the operation of any motor propelled vehicle as an auto transportation company (except urban transportation business), common carrier or contract carrier as defined by RCW 81.68.010 and 81.80.010: PROVIDED, That "motor transportation business" shall not mean or include the transportation of logs or other forest products exclusively upon private roads or private highways.

(10) "Urban transportation business" means the business of operating any vehicle for public use in the conveyance of persons or property for hire, insofar as (a) operating entirely within the corporate limits of any city or town, or within five miles of the corporate limits thereof, or (b) operating entirely within and between cities and towns whose corporate limits are not more than five miles apart or within five miles of the corporate limits of either thereof. Included herein, but without limiting the scope hereof, is the business of operating passenger vehicles of every type and also the business

of operating cartage, pickup, or delivery services, including in such services the collection and distribution of property arriving from or destined to a point within or without the state, whether or not such collection or distribution be made by the person performing a local or interstate line-haul of such property.

(11) "Public service business" means any of the businesses defined in subdivisions (1), (2), (3), (4), (5), (6), (7), (8), (9), and (10) or any business subject to control by the state, or having the powers of eminent domain and the duties incident thereto, or any business hereafter declared by the legislature to be of a public service nature. It includes, among others, without limiting the scope hereof: Airplane transportation, boom, dock, ferry, log patrol, pipe line, warehouse, toll bridge, toll logging road, water transportation and wharf businesses.

(12) "Tugboat business" means the business of operating tugboats, tow-boats, wharf boats or similar vessels in the towing or pushing of vessels, barges or rafts for hire.

(13) "Gross income" means the value proceeding or accruing from the performance of the particular public service or transportation business involved, including operations incidental thereto, but without any deduction on account of the cost of the commodity furnished or sold, the cost of materials used, labor costs, interest, discount, delivery costs, taxes, or any other expense whatsoever paid or accrued and without any deduction on account of losses: PROVIDED, That gross income of a light and power business means those amounts or value accruing to a taxpayer from the last distribution of electrical energy which is a taxable event within this state.

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

(15) "Competitive telephone service" means the providing by any person of telephone equipment, apparatus, or service, other than toll service, which is of a type which can be provided by persons that are not subject to regulation as telephone companies under Title 80 RCW and for which a separate charge is made.

Sec. 2. Section 82.04.120, chapter 15, Laws of 1961 as last amended by section 6, chapter 291, Laws of 1975 1st 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 seafood which has been cooked, frozen or canned outside this state.

Sec. 3. Section 82.16.050, chapter 15, Laws of 1961 as last amended by section 1, chapter 368, Laws of 1977 ex. sess. and RCW 82.16.050 are each amended to read as follows:

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

(1) Amounts derived by municipally owned or operated public service businesses, directly from taxes levied for the support or maintenance thereof: PROVIDED, That this section shall not be construed to exempt service charges which are spread on the property tax rolls and collected as taxes;

(2) Amounts derived from the sale of commodities to persons in the same public service business as the seller, for resale as such within this state. This deduction is allowed only with respect to water distribution, ~~((light and power;))~~ gas distribution or other public service businesses which furnish water, ~~((electrical energy;))~~ gas or any other commodity, other than electrical energy, in the performance of public service businesses;

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

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

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

(6) Amounts derived from business which the state is prohibited from taxing under the Constitution of this state or the Constitution or laws of the United States;

(7) Amounts derived from the distribution of water through an irrigation system, for irrigation purposes;

(8) Amounts derived from the transportation of commodities from points of origin in this state to final destination outside this state, or from points of origin outside this state to final destination in this state, with respect to which the carrier grants to the shipper the privilege of stopping the shipment in transit at some point in this state for the purpose of storing, manufacturing, milling, or other processing, and thereafter forwards the same commodity, or its equivalent, in the same or converted form, under a through freight rate from point of origin to final destination; and amounts derived from the transportation of commodities from points of origin in the state to an export elevator, wharf, dock or ship side on tidewater or navigable tributaries thereto from which such commodities are forwarded, without intervening transportation, by vessel, in their original form, to interstate or foreign destinations: PROVIDED, That no deduction will be allowed when

the point of origin and the point of delivery to such an export elevator, wharf, dock, or ship side are located within the corporate limits of the same city or town;

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

~~(10))~~ Amounts derived from the distribution of water by a nonprofit water association and used for capital improvements by that nonprofit water association.

NEW SECTION. Sec. 4. 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 August 1, 1982.

Passed the Senate June 27, 1982.

Passed the House June 27, 1982.

Approved by the Governor July 16, 1982.

Filed in Office of Secretary of State July 16, 1982.

CHAPTER 10

[Senate Bill No. 5015]

INSURANCE PREMIUM TAX—INCREASED

AN ACT Relating to insurance premium tax; amending section .14.02, chapter 79, Laws of 1947 as last amended by section 15, chapter 35, Laws of 1982 1st ex. sess. and RCW 48.14.020; creating a new section; and declaring an emergency.

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

Section 1. Section .14.02, chapter 79, Laws of 1947 as last amended by section 15, chapter 35, Laws of 1982 1st 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 and sixteen one-hundredths 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