

commission. The official record shall contain all relevant information developed by the commission pursuant to carrying out its duties under this chapter, data collected, minutes of meetings, written communications, and other information of a similar nature. The commission shall provide for the permanent preservation of this official record. Once the commission ceases to exist, any budget surplus shall revert to the state general fund.

(2) The commission shall cease to exist forty-five days after the date established by section 9 of this act for submission of a plan to the legislature.

NEW SECTION. Sec. 11. There is added to chapter 34.04 RCW a new section to read as follows:

The provisions of this chapter 34.04 RCW do not apply to the temporary commission created under this 1983 act.

NEW SECTION. Sec. 12. This act is temporary in nature and need not be codified in the Revised Code of Washington. Any plans adopted under this act shall be codified in the Revised Code of Washington.

NEW SECTION. Sec. 13. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the House February 3, 1983.

Passed the Senate February 3, 1983.

Approved by the Governor February 9, 1983.

Filed in Office of Secretary of State February 9, 1983.

## CHAPTER 7

[Engrossed Senate Bill No. 3258]

### SALES AND USE TAX INCREASES—BOAT TAX—ADMINISTRATIVE PROVISIONS—REVENUE ACCRUAL ACCOUNT

AN ACT Relating to revenue and taxation; amending section 3, chapter 65, Laws of 1970 ex. sess. and RCW 82.04.255; amending section 82.04.290, chapter 15, Laws of 1961 as last amended by section 212, chapter 3, Laws of 1983 and RCW 82.04.290; amending section 3, chapter 130, Laws of 1975-'76 2nd ex. sess. as last amended by section 2, chapter 35, Laws of 1982 1st ex. sess. and RCW 82.04.2901; amending section 82.08.020, chapter 15, Laws of 1961 as last amended by section 1, chapter 35, Laws of 1982 1st ex. sess. and RCW 82.08.020; amending section 82.12.020, chapter 15, Laws of 1961 as last amended by section 2, chapter 8, Laws of 1981 2nd ex. sess. and RCW 82.12.020; amending section 31, chapter 35, Laws of 1982 1st ex. sess. as amended by section 1, chapter 14, Laws of 1982 2nd ex. sess. and RCW 82.02.030; amending section 84.36.080, chapter 15, Laws of 1961 and RCW 84.36.080; amending section 84.36.090, chapter 15, Laws of 1961 and RCW 84.36.090; amending section 82.48.020, chapter 15, Laws of 1961 as last amended by section 240, chapter 158, Laws of 1979 and RCW 82.48.020; amending section 82.48-.030, chapter 15, Laws of 1961 as last amended by section 3, chapter 9, Laws of 1967 ex. sess. and RCW 82.48.030; amending section 82.32.090, chapter 15, Laws of 1961 as last amended by section 8, chapter 172, Laws of 1981 and RCW 82.32.090; adding a new chapter to Title 82 RCW; adding a new chapter to Title 88 RCW; adding new sections to chapter 82.48 RCW; adding new sections to chapter 82.04 RCW; adding a new section to

chapter 82.32 RCW; creating new sections; prescribing penalties; making appropriations; providing effective dates; and declaring an emergency.

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

**\*Sec. 1. Section 3, chapter 65, Laws of 1970 ex. sess. and RCW 82.04-.255 are each amended to read as follows:**

***Upon every person engaging within the state as a real estate broker, as to such persons, the amount of the tax with respect to such business shall be equal to the gross income of the business, multiplied by the rate of ((one)) two percent.***

***The measure of the tax on real estate commissions earned by the real estate broker shall be the gross commission earned by the particular real estate brokerage office including that portion of the commission paid to salesmen or associate brokers in the same office on a particular transaction: PROVIDED, HOWEVER, That where a real estate commission is divided between an originating brokerage office and a cooperating brokerage office on a particular transaction, each brokerage office shall pay the tax only upon their respective shares of said commission: AND PROVIDED FURTHER, That where the brokerage office has paid the tax as provided herein, salesmen or associate brokers within the same brokerage office shall not be required to pay a similar tax upon the same transaction.***

\*Sec. 1 was vetoed, see message at end of chapter.

**\*Sec. 2. Section 82.04.290, chapter 15, Laws of 1961 as last amended by section 212, chapter 3, Laws of 1983 and RCW 82.04.290 are each amended to read as follows:**

***Upon every person engaging within this state in any business activity other than or in addition to those enumerated in RCW 82.04.230, 82.04.240, 82.04.250, 82.04.255, 82.04.260, 82.04.270, and 82.04.280; as to such persons the amount of tax on account of such activities shall be equal to the gross income of the business multiplied by the rate of ((one)) two percent. This section includes, among others, and without limiting the scope hereof (whether or not title to materials used in the performance of such business passes to another by accession, confusion or other than by outright sale), persons engaged in the business of rendering any type of service which does not constitute a "sale at retail" or a "sale at wholesale." The value of advertising, demonstration, and promotional supplies and materials furnished to an agent by his principal or supplier to be used for informational, educational and promotional purposes shall not be considered a part of the agent's remuneration or commission and shall not be subject to taxation under this section.***

\*Sec. 2 was vetoed, see message at end of chapter.

**NEW SECTION.** Sec. 3. There is added to chapter 82.04 RCW a new section to read as follows:

As used in RCW 82.04.2901 and 82.08.020, "border counties" means:

(1) Those counties physically bordering on or included within a standard metropolitan statistical area, as determined by the United States census bureau, located wholly or partially in a state which does not impose a retail sales tax; and

(2) Those counties physically bordering both on a state which does not impose a retail sales tax and a county specified in subsection (1) of this section but lying to the east of the counties specified in subsection (1) of this section.

**\*NEW SECTION. Sec. 4.** *There is added to chapter 82.04 RCW a new section to read as follows:*

*(1) 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 under RCW 82.04.220 through 82.04.240, inclusive, and RCW 82.04.260 through 82.04.280, inclusive, an additional tax equal to thirty-two percent multiplied by the tax payable under RCW 82.04.220 through 82.04.240, inclusive, and RCW 82.04.260 through 82.04.280, inclusive.*

*(2) There is also levied and shall be collected from every person for the act or privilege of engaging in the business activity of making sales at retail which are exempt from the tax imposed under chapter 82.08 RCW by reason of RCW 82.08.0261 or 82.08.0262, as a part of the tax imposed under RCW 82.04.250, an additional tax equal to thirty-two percent multiplied by the tax payable on those activities under RCW 82.04.250.*

*(3) To facilitate collection of these additional taxes, 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. 4 was vetoed, see message at end of chapter.

**\*NEW SECTION. Sec. 5.** *Section 3, chapter 130, Laws of 1975-'76 2nd ex. sess. as last amended by section 2, chapter 35, Laws of 1982 1st ex. sess. and RCW 82.04.2901 are each amended to read as follows:*

*From and after the first day of April, 1982, (~~until and including the thirtieth day of June, 1983,~~) there is levied and shall be collected from every person, other than persons taxed under section 4 of this 1983 act, 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,~~) 82.04.250, an additional tax equal to the rate specified in RCW 82.02.030 multiplied by the tax payable under the provisions of RCW (~~82.04.220 through 82.04.290, inclusive,~~) 82.04.250: PROVIDED, That such tax shall be levied and collected from such persons making sales at retail in border counties in an amount equal to thirty-two percent multiplied by the tax payable under the provisions of RCW 82.04.250.*

*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. 5 was vetoed, see message at end of chapter.

Sec. 6. Section 82.08.020, chapter 15, Laws of 1961 as last amended by section 1, chapter 35, Laws of 1982 1st 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 six and five-tenths ~~((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 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 RCW 82.02.030 multiplied by the selling price))~~: PROVIDED, That such tax shall be levied and collected in border counties in an amount equal to five and four-tenths percent of 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. 7. Section 82.12.020, chapter 15, Laws of 1961 as last amended by section 2, chapter 8, Laws of 1981 2nd ex. sess. and RCW 82.12.020 are each amended to read as follows:

There is hereby levied and there shall be collected from every person in this state a tax or excise for the privilege of using within this state as a consumer any article of tangible personal property purchased at retail, or acquired by lease, gift, repossession, or bailment, or extracted or produced or manufactured by the person so using the same, or otherwise furnished to a person engaged in any business taxable under RCW 82.04.280, subsections (2) or (7). This tax will not apply with respect to the use of any article of tangible personal property purchased, extracted, produced or manufactured outside this state until the transportation of such article has finally ended or until such article has become commingled with the general mass of property in this state. This tax shall apply to the use of every article of tangible personal property, including property acquired at a casual or isolated sale, and including byproducts used by the manufacturer thereof, except as hereinafter provided, irrespective of whether the article or similar articles are manufactured or are available for purchase within this state. Except as provided in RCW 82.12.0252, payment by one purchaser or user of tangible personal property of the tax imposed by chapter 82.08 or 82.12 RCW shall

not have the effect of exempting any other purchaser or user of the same property from the taxes imposed by such chapters. The tax shall be levied and collected in an amount equal to the value of the article used by the taxpayer multiplied by the rate in effect for the retail sales tax under RCW 82.08.020, as now or hereafter amended, in the county in which the article is used.

Sec. 8. Section 31, chapter 35, Laws of 1982 1st ex. sess. as amended by section 1, chapter 14, Laws of 1982 2nd ex. sess. and RCW 82.02.030 are each amended to read as follows:

(1) ~~((Until and including the day before the change date, the rate of the sales and use taxes under RCW 82.08.020 shall be five and four-tenths percent and the rate of the additional taxes under RCW 48.14.020(3), 54.28.020(2), 54.28.025(2), 66.24.210(2), 66.24.290(2), 82.04.2901, 82.08.150(4), 82.16.020(2), 82.20.010(2), 82.24.020(2), 82.26.020(2), 82.27.020(5), 82.29A.030(2), 82.44.020(5), and 82.45.060(2) 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) The rate of sales and use taxes under RCW 82.08.020 shall be five and four-tenths percent and~~) The rate of the additional taxes under RCW 54.28.020(2), 54.28.025(2), 66.24.210(2), 66.24.290(2), 82.04.2901, 82.16.020(2), 82.20.010(2), 82.26.020(2), 82.27.020(5), 82.29A.030(2), 82.44.020(5), and 82.45.060(2) shall be seven percent: PROVIDED, That the additional tax imposed by RCW 82.44.020(5) shall be continued at the rate of three percent for the period July 1 through September 30, 1983;

~~((b))~~) (2) The rate of the additional taxes under RCW 82.08.150(4) shall be fourteen percent;

~~((c))~~) (3) The rate of the additional taxes under RCW 82.24.020(2) shall be fifteen percent; and

~~((d))~~) (4) The rate of the additional taxes under RCW 48.14.020(3) shall be four percent.

~~((3) "Change date" for the taxes under RCW 48.14.020(3), 54.28.020(2), 54.28.025(2), 82.04.2901, 82.16.020(2), and 82.29A.030(2) means July 1, 1982, for the taxes under RCW 82.08.020, 82.08.150(4), 82.20.010(2), 82.24.020(2), 82.26.020(2), 82.45.060(2), 66.24.210(2), and 66.24.290(2) means August 1, 1982, and for the taxes under RCW 82.27.020(5) and 82.44.020(5) means October 1, 1982.))~~

NEW SECTION. Sec. 9. An excise tax is imposed for the privilege of using a vessel for which registration is required under chapter 88. RCW (sections 14 through 22 of this act), except vessels covered by a dealer's registration number under this chapter. The annual amount of the excise tax is one percent of fair market value, as determined under this chapter, or five dollars, whichever is greater.

The excise tax upon a vessel registered for the first time in this state shall be imposed for a twelve-month period, including the month in which the vessel is registered, unless the director of licensing extends or diminishes vessel registration periods for the purpose of staggered renewal periods under section 18 of this act. A vessel is registered for the first time in this state when the vessel was not registered in this state for the immediately preceding registration year, or when the vessel was registered in another jurisdiction for the immediately preceding year. The excise tax on vessels required to be registered in this state on the effective date of this section shall be paid by June 30, 1983.

NEW SECTION. Sec. 10. The excise tax imposed under this chapter is due and payable to the department of licensing or its agents at the time of registration of a vessel. The department of licensing shall not issue or renew a registration for a vessel until the tax is paid in full.

The excise tax collected under this chapter shall be deposited in the general fund.

NEW SECTION. Sec. 11. The department of revenue shall prepare at least once each year a depreciation schedule for use in the determination of fair market value for the purposes of this chapter. The schedule shall be based upon information available to the department of revenue pertaining to the current fair market value of vessels. The fair market value of a vessel for the purposes of this chapter shall be based on the most recent purchase price depreciated according to the year of the most recent purchase of the vessel. The most recent purchase price is the consideration, whether money, credit, rights, or other property expressed in terms of money, paid or given or contracted to be paid or given by the purchaser to the seller for the vessel.

NEW SECTION. Sec. 12. (1) If a vessel has been acquired by lease or gift, or the most recent purchase price of a vessel is not known to the owner, the department of revenue shall appraise the vessel before registration.

(2) If after registration the department of revenue determines that the purchase price stated by the owner is not a reasonable representation of the true fair market value of a vessel at the time of purchase, the department of revenue shall appraise the vessel.

(3) If a vessel is homemade, the owner shall make a notarized declaration of fair market value. The fair market value of the vessel for the purposes of this chapter shall be the declared value, unless after registration the department of revenue determines that the declared value is not a reasonable representation of the true fair market value of the vessel in which case the department of revenue shall appraise the vessel.

(4) If the department of revenue appraises a vessel, the fair market value of the vessel for the purposes of this chapter shall be the appraised value. If the vessel has been registered before appraisal, the department of revenue

shall refund any overpayment of tax to the owner or notify the owner of any additional tax due. The owner shall pay any additional tax due within thirty days after notification by the department.

**NEW SECTION.** Sec. 13. (1) Any vessel owner disputing an appraised value under section 12 of this act may petition for a conference with the department as provided under RCW 82.32.160, or for reduction of the tax due as provided under RCW 82.32.170.

(2) Any vessel owner having received a notice of denial of a petition or a notice of determination made for the owner's vessel under RCW 82.32.160 or 82.32.170 may appeal to the board of tax appeals as provided under RCW 82.03.190. In deciding a case appealed under this section, the board of tax appeals may require an independent appraisal of the vessel. The cost of the independent appraisal shall be apportioned between the department and the vessel owner as provided by the board.

**NEW SECTION.** Sec. 14. Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Vessel" means every watercraft used or capable of being used as a means of transportation on the water, other than a seaplane.

(2) "Owner" means a person who has a lawful right to possession of a vessel by purchase, exchange, gift, lease, inheritance, or legal action whether or not the vessel is subject to a security interest.

(3) "Dealer" means a person, partnership, association, or corporation engaged in the business of selling vessels at wholesale or retail in this state.

(4) "Department" means the department of licensing.

**NEW SECTION.** Sec. 15. Except as provided in this chapter, no person may own or operate any vessel on the waters of this state unless the vessel has been registered and displays a registration number and a valid decal in accordance with this chapter.

**NEW SECTION.** Sec. 16. Vessel registration is required under this chapter except for the following:

(1) Vessels owned and operated by the United States, another state, or a political subdivision thereof;

(2) Vessels owned and operated by this state, or by any municipality or political subdivision thereof;

(3) Vessels owned by a resident of a country other than the United States or Canada if the vessel is not physically located upon the waters of this state for a period of more than sixty days;

(4) Vessels owned by a resident of another state or a Canadian province if the vessel is registered in accordance with the laws of the state or province in which the owner resides, but only to the extent that a similar exemption or privilege is granted under the laws of that state or province for

vessels registered in this state: PROVIDED, That any vessel which is validly registered in another state or a Canadian province and which is physically located in this state for a period of more than sixty days is subject to registration under this chapter;

(5) Vessels used as a ship's tender or lifeboat;

(6) Vessels under sixteen feet in length or whose primary propulsion is human power;

(7) Vessels which are temporarily in this state undergoing repair or alteration and vessels which are designed and used exclusively for racing;

(8) Vessels used exclusively for commercial fishing purposes; and

(9) Vessels which have or are required to have a valid marine document as a vessel of the United States and which are primarily engaged in commerce.

NEW SECTION. Sec. 17. The department shall provide for the issuance of vessel registrations and may appoint agents for collecting fees and issuing registration numbers and decals. Fees for vessel registrations collected by the director shall be deposited in the general fund.

NEW SECTION. Sec. 18. Application for a vessel registration shall be made to the department or its authorized agent in the manner and upon forms prescribed by the department. The application shall state the name and address of each owner of the vessel and such other information as may be required by the department, shall be signed by at least one owner, and shall be accompanied by a vessel registration fee of six dollars per year and the excise tax imposed under chapter 82, RCW (sections 9 through 13 of this act). Any fees required for licensing agents under RCW 46.01.140 shall be in addition to the six-dollar annual registration fee.

Upon receipt of the application and the registration fee, the department shall assign a registration number and issue a decal for each vessel. The registration number and decal shall be affixed to the vessel in a manner prescribed by the department. A valid decal affixed as prescribed shall indicate compliance with the annual registration requirements of this chapter.

The vessel registrations and decals are valid for a period of one year, except that the director of licensing may extend or diminish vessel registration periods, and the decals therefor, for the purpose of staggered renewal periods. For registration periods of more or less than one year, the department may collect prorated annual registration fees and excise taxes based upon the number of months in the registration period. Vessel registrations are renewable every year in a manner prescribed by the department upon payment of the vessel registration fee and excise tax. Upon renewing a vessel registration, the department shall issue a new decal to be affixed as prescribed by the department.

A person acquiring a vessel from a dealer or a vessel already validly registered under this chapter shall, within fifteen days of the acquisition or purchase of the vessel, apply to the department or its authorized agent for



transfer of the vessel registration, and the application shall be accompanied by a transfer fee of one dollar.

NEW SECTION. Sec. 19. (1) Each dealer of vessels in this state shall register with the department in the manner and upon forms prescribed by the department. Upon receipt of a dealer's application for registration and the registration fee provided in subsection (2) of this section, the dealer shall be registered and a registration number assigned.

(2) The registration fee for dealers shall be twenty-five dollars per year, and the fee shall cover all vessels owned by the dealer for sale and not rented on a regular commercial basis by the dealer. Rented vessels shall be registered separately under sections 15 through 18 of this act.

(3) Dealer registration numbers are nontransferable.

(4) Section 15 of this act does not apply to any dealer or employee or prospective customer of the dealer with respect to any vessel covered by the dealer's registration number and used for a business purpose of the dealer, such as a demonstration vessel or for purposes of testing or making repairs.

NEW SECTION. Sec. 20. The department may adopt rules under chapter 34.04 RCW to implement this chapter.

NEW SECTION. Sec. 21. Any person charged with the enforcement of this chapter may request for inspection the certificate of registration from any vessel owner or operator to ascertain the legal and registered ownership of such vessel. Failure to provide such certificate for inspection upon the request of any person charged with enforcement of this chapter constitutes a violation of this chapter and subjects the person requested to produce such document to the penalties provided by section 22 of this act.

NEW SECTION. Sec. 22. (1) A violation of this chapter is a misdemeanor punishable only by a fine not to exceed one hundred dollars per vessel for the first violation. Subsequent violations in the same year are subject to the following fines:

(a) For the second violation, a fine of two hundred dollars per vessel;

(b) For the third and successive violations, a fine of four hundred dollars per vessel.

(2) Moneys collected under this section shall be used by the jurisdiction collecting the fine exclusively for law enforcement purposes.

(3) All law enforcement officers shall have the authority to enforce this chapter within their respective jurisdictions.

Sec. 23. Section 84.36.080, chapter 15, Laws of 1961 and RCW 84.36-.080 are each amended to read as follows:

All ships and vessels (~~taxable in the state of Washington, engaged in interstate commerce, foreign commerce or commerce between ports of the state of Washington and the high seas,)~~ which are exempt from excise tax under subsections (8) and (9) of section 16 of this 1983 act shall be and are

hereby made exempt from all ad valorem taxes, except taxes levied for any state purpose.

Sec. 24. Section 84.36.090, chapter 15, Laws of 1961 and RCW 84.36.090 are each amended to read as follows:

All ships and vessels (~~(taxable in the state)~~), other than those (~~(taxable)~~) partially exempt under RCW 84.36.080 and those described in RCW 84.36.079, are exempt from all ad valorem taxes (~~(except taxes levied for any state purpose and twenty percent of taxes levied for all other purposes)~~).

NEW SECTION. Sec. 25. Property taxes paid for a vessel for 1983 shall be allowed as a credit against tax due under section 9 of this act for the same vessel.

NEW SECTION. Sec. 26. Sections 14 through 22 of this act shall constitute a new chapter in Title 88 RCW. Sections 9 through 13 of this act shall constitute a new chapter in Title 82 RCW.

Sec. 27. Section 82.48.020, chapter 15, Laws of 1961 as last amended by section 240, chapter 158, Laws of 1979 and RCW 82.48.020 are each amended to read as follows:

An annual excise tax is hereby imposed for the privilege of using any aircraft in the state. A current certificate of air worthiness with a current inspection date from the appropriate federal agency and/or the purchase of aviation fuel shall constitute the necessary evidence of aircraft use or intended use. The tax shall be collected for each calendar year by the director of licensing, and must be paid during the month of January, except that the tax for 1983 is due on the effective date of this 1983 section. No additional tax shall be imposed under this chapter upon any aircraft upon the transfer of ownership thereof, if the tax imposed by this chapter with respect to such aircraft has already been paid for the year in which transfer of ownership occurs. (~~A penalty of five dollars shall be levied against all aircraft not timely registered~~) A violation of this chapter is a misdemeanor punishable as provided in chapter 9A.20 RCW.

*\*Sec. 28. Section 82.48.030, chapter 15, Laws of 1961 as last amended by section 3, chapter 9, Laws of 1967 ex. sess. and RCW 82.48.030 are each amended to read as follows:*

*The amount of the tax imposed by this chapter for each calendar year or part thereof shall be (~~fifteen dollars for each single engine aircraft, and twenty-five dollars for each multi-engine aircraft, irrespective of make, type, year of manufacture or any other type of classification~~) one percent of the fair market value of the aircraft as determined under this chapter; **PROVIDED, That the calendar year shall be divided into twelve parts corresponding to the months of the calendar year and the excise tax upon an aircraft registered for the first time in this state after the last day of any***

*month shall only be levied for the remaining months of the calendar year including the month in which the aircraft is being registered: PROVIDED FURTHER, That the minimum amount payable shall be three dollars.*

*An aircraft shall be deemed registered for the first time in this state when such aircraft was not previously registered by this state for the year immediately preceding the year in which application for registration is made.*

\*Sec. 28 was vetoed, see message at end of chapter.

**\*NEW SECTION. Sec. 29.** *There is added to chapter 82.48 RCW a new section to read as follows:*

*After consultation with the department of licensing, the department of revenue shall prepare at least once each year a schedule for use in the collection of the excise tax imposed under this chapter. The schedule shall be based upon available information pertaining to the fair market value of aircraft. Aircraft shall be classified into a convenient number of classes on the basis of price, make, type, year of manufacture, or any other reasonable basis, and the rate of tax prescribed in RCW 82.48.030 shall be applied to the value of aircraft within the classes as thus determined. In determining fair market value, the department of revenue may use any guidebook, report, or compendium of recognized standing in the aircraft industry. The schedule shall show, so far as possible, the amount of excise tax for aircraft within each class and shall sufficiently describe the aircraft included within each class to enable the department of licensing and its agents to ascertain readily the amount of tax applicable to any particular aircraft.*

\*Sec. 29 was vetoed, see message at end of chapter.

**\*NEW SECTION. Sec. 30.** *There is added to chapter 82.48 RCW a new section to read as follows:*

*Whenever a person applies for a registration for an aircraft which does not appear on the schedule, the applicant shall apply to the county assessor of the applicant's county for computation of the amount of excise tax due. Upon application, the assessor shall appraise the aircraft at its fair market value based on any guidebook, report, or compendium of recognized standing in the aircraft industry, ascertain the amount of excise tax by applying to the appraisal the rate of the tax under this chapter, and give the applicant a certificate showing the excise tax due under this chapter.*

\*Sec. 30 was vetoed, see message at end of chapter.

**\*NEW SECTION. Sec. 31.** *Taxes paid under chapter 82.48 RCW before June 30, 1983, for calendar year 1983 shall be allowed as a credit against tax due under RCW 82.48.030 for the same aircraft.*

\*Sec. 31 was vetoed, see message at end of chapter.

Sec. 32. Section 82.32.090, chapter 15, Laws of 1961 as last amended by section 8, chapter 172, Laws of 1981 and RCW 82.32.090 are each amended to read as follows:

If payment of any tax due is not received by the department of revenue by the due date, there shall be assessed a penalty of five percent of the amount of the tax; and if the tax is not received within thirty days after the due date, there shall be assessed a total penalty of ten percent of the amount of the tax; and if the tax is not received within sixty days after the due date, there shall be assessed a total penalty of twenty percent of the amount of the tax. No penalty so added shall be less than two dollars.

If payment of any tax is received within the first ten days of the month next succeeding the month in which the tax is payable, the amount of such payment shall be credited to, and shall be treated for all purposes as having been collected during, the fiscal year which includes the month preceding the month in which such due date falls. Effective June 30, 1985, and thereafter if the payment of any tax is received during the first ~~((twenty-five))~~ ten days in the month in which the tax is payable, the amount of such payment shall be credited to, and shall be treated for all purposes as having been collected during, the fiscal year which includes the month preceding the month in which such due date falls.

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

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

NEW SECTION. Sec. 33. There is added to chapter 82.32 RCW a new section to read as follows:

The revenue accrual account is hereby created in the state general fund. At the close of each fiscal biennium, the state treasurer shall transfer the balance in the state general fund to this account. Moneys in this account may only be spent after appropriation by statute for the purpose of decreasing the unfunded liability of a state retirement system.

NEW SECTION. Sec. 34. This act shall not be construed as affecting any existing right acquired, or liability or obligation incurred under the sections amended in this act, nor any rule, regulation, or order adopted, nor any proceeding instituted, under those sections.

NEW SECTION. Sec. 35. 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. 36. (1) The sum of twelve thousand dollars, or so much thereof as may be necessary, is appropriated from the general fund to the department of revenue for the biennium ending June 30, 1983, to

carry out the purposes of sections 9 through 25, and 27 through 31 of this act.

(2) The sum of two hundred thousand dollars, or so much thereof as may be necessary, is appropriated from the general fund for the biennium ending June 30, 1983, to the department of licensing for the purposes of sections 9 through 25 of this act.

**NEW SECTION.** Sec. 37. 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 March 1, 1983, except as follows:

(1) Sections 9 through 22, and 25 through 31 of this act shall take effect June 30, 1983.

(2) Sections 23 and 24 of this act shall take effect January 1, 1984, for taxes first due in 1984 and thereafter.

The department of revenue and the department of licensing shall immediately take necessary steps to ensure that all sections of this act are properly implemented on their effective dates. The additional taxes and tax rate changes 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 February 18, 1983.

Passed the House February 18, 1983.

Approved by the Governor February 22, 1983, with the exception of sections 1, 2, 4, 5, 28, 29, 30, and 31, which are vetoed.

Filed in Office of Secretary of State February 22, 1983.

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

"I am returning herewith without my approval as to Sections 1, 2, 4, 5, 28, 29, 30, and 31 Senate Bill 3258, entitled:

"AN ACT relating to revenue and taxation."

My primary emphasis in examining this bill has been to review its likely impacts on jobs, economic development, and the future of our state. On analysis, parts of this bill, if enacted, would result in the loss of existing jobs and in disincentives to the creation of desperately needed new jobs.

Taken together, Sections 1, 2, 4, and 5 would permanently increase the business and occupation (B&O) tax on services by 100 percent, would permanently increase the B&O tax on most retailers by 7 percent, and would permanently increase the B&O tax on non-retailers and on some retailers by 32 percent. Such increases in B&O taxes at a time when the economy is slow can only be justified by a compelling state need. In my opinion, there is such a compelling need during the remainder of this biennium. Because we have so little time to make up a shortfall in what is already a lean revenue year, taxes for the remainder of this biennium necessarily must be steep. For that reason, I am requesting the legislature to reenact the same tax increases, but on a temporary basis only, so that they expire on June 30, 1983.

But the case has not been made that such increases are justified on a permanent basis. Indeed, the more compelling case is that these permanent tax increases would discourage efforts both to create new jobs during this period of profound unemployment and to recover from the hardest economic times in half a century.

They were adopted with little of the thoroughness that usually accompanies the process of establishing biennial revenues. The biennial budget, which ordinarily provides the justification for needed revenues, is only in the early stages of legislative review. In my opinion, any new B&O taxes to be collected in the next biennium must be justified both by being part of an equitable tax package and by a demonstrated need for the overall revenues that the package is expected to produce. I have not been provided with such justifications.

In a similar vein, there needs to be more review of the aircraft excise tax newly imposed by sections 28 through 31 of the bill. A tax of one percent of the value of an airplane, paid each year, is a marked increase compared with the engine tax now imposed. It should not be adopted without a review both of the impact that it would have on businesses that use airplanes and of the possibility that airplane owners would, as a result, register their planes elsewhere.

I have repeatedly stated the perils of trying to pass a single tax package that appropriately meets the revenue needs for both this and the next biennium. This bill is testament to those perils. I urge the legislature to divide the tasks and pass immediately those increases necessary to meet the needs for this biennium. Then we can address the remaining taxes and the budget that are appropriate for the next biennium.

For these reasons I have vetoed sections 1, 2, 4, 5, 28, 29, 30, and 31."

## CHAPTER 8

[House Bill No. 61]

### TIMBER TAX ACCOUNTS—REVENUE TRANSFER

AN ACT Relating to revenue transfers among timber tax accounts; amending section 8, chapter 294, Laws of 1971 ex. sess. as last amended by section 6, chapter 4, Laws of 1981 and RCW 84.33.080; and declaring an emergency.

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

Sec. 1. Section 8, chapter 294, Laws of 1971 ex. sess. as last amended by section 6, chapter 4, Laws of 1981 and RCW 84.33.080 are each amended to read as follows:

(1) On or before December 15 of each year commencing with 1972, the assessor of each timber county shall deliver to the treasurer of such county and to the department of revenue a schedule setting forth for each taxing district or portion thereof lying within such county:

- (a) The value of timber as shown on the timber roll for such year;
- (b) The aggregate dollar rate calculated pursuant to RCW 84.33.060 and actually utilized the immediately preceding October in extending real property taxes upon the tax rolls for collection in the following year;
- (c) A "timber factor" which is the product of such aggregate dollar rate, the assessment ratio applied generally by such assessor in computing the assessed value of other property in his county and the appropriate portion listed below of the timber roll for such year ((a) above):